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In The

Supreme Court of the United States

October Term, 1989

JAMES STEWART, PATRICIA HITCHCOCK O'CONNELL and SAMUEL TAYLOR both as co-trustees of the Second Residuary Trust of the Last Will of ALFRED HITCHCOCK, MCA INC., and UNIVERSAL FILM EXHANGES, INC.,

Petitioners,

vs.

SHELDON ABEND, dba AUTHORS RESEARCH COMPANY,

Respondent.

On A Writ Of Certiorari To The United States Court Of Appeals For The Ninth Circuit

BRIEF FOR THE PETITIONERS

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QUESTIONS PRESENTED

Section 24 of the 1909 Copyright Act (as extended in part by section 304(a) of the 1976 Copyright Act) grants two consecutive terms of copyright for works created before 1978. Under this two-term scheme, if an author dies during the first term and before renewal, a statutory successor is entitled to renew. Section 7 of the 1909 Copyright Act (reenacted as section 103 of the 1976 Copyright Act) gives the same section 24 rights to an author who, with consent, uses protectible parts of one or more underlying works ("prior works") to create a new work ("derivative work"). The questions presented involve a frequently occurring circumstance: (a) the author of a prior work (here, a short story) authorized another author to create and distribute a derivative work (here, the motion picture Rear Window) during the prior work's first and renewal terms, but, (b) before renewal, the author of the prior work died and that work's copyright was renewed by a statutory successor.

1. Under section 24 of the 1909 Copyright Act (as partially reenacted by the 1976 Copyright Act), does the fortuity of the death of a prior work's author (and renewal of that author's copyright by a statutory successor) extinguish rights of a derivative work's owner, arising from section 7 and the prior author's grants, to distribute the separately copyrighted derivative work during the prior work's renewal term?

QUESTIONS PRESENTED-Continued

2. Does succession to the renewal copyright entitle a prior author's successor to suspend the derivative work owner's section 24 right to exploit an independently copyrighted derivative work created with the prior author's consent?

3. If section 24 inadvertently gave a statutory successor of a prior work's author the right to prevent or punish the continued distribution of a derivative work because of the death of the prior work's author, may distribution of the derivative work nevertheless continue under the doctrine of "fair use"?

LIST OF PARTIES

The parties to the proceedings below are petitioners James Stewart, Patricia Hitchcock O'Connell and Samuel Taylor as co-trustees of the Second Residuary Trust of the Last Will of Alfred Hitchcock, MCA Inc., and Universal Film Exchanges, Inc.,[1] and respondent Sheldon Abend. The petitioners were appellees in court of appeal docket Nos. 87-5833 and 87-5922 and cross-appellants in No. 87-5780 in the consolidated appeals below; respondent Abend was appellant and cross-appellee, respectively. There were no other parties.

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[1] Petitioners MCA Inc. and Universal Film Exchanges, Inc. have previously made the listing required by Rule 28.1 in the Petition for Writ of Certiorari, at iii. Quantum Media, Inc. may be omitted from that list.

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OPINIONS BELOW

The December 27, 1988 Opinion of the court of appeals ("the Opinion") is reported at 863 F.2d 1465, and is reprinted in the Appendix to the Petition for Certiorari ("Pet.App.") 1. The summary judgments of the district court, without opinion, were unreported. Pet.App. at 54-58.

JURISDICTION

The Opinion and judgment of the court of appeals were entered on December 27, 1988. A timely petition for rehearing and a suggestion for rehearing *en banc* were denied and rejected on April 13, 1989. Joint Appendix ("J.A.") 28. The petition for a writ of certiorari was filed on June 23, 1989 and was granted on October 2, 1989. The jurisdiction of this Court rests upon 28 U.S.C. § 1254 (1).

CONSTITUTIONAL PROVISIONS AND STATUTES INVOLVED

The pertinent portions of Article I, section 8 of the Constitution, the First Amendment, sections 1, 5, 7, 24 and 28 of the Copyright Act of 1909, as amended, and sections 103, 106, 107, 203, 302, 304, 502, 503, 504 and 505 of the Copyright Act of 1976 are reprinted in the appendix ("App.") to this brief.

STATEMENT OF THE CASE

1. The Statutory Setting.

The undisputed facts and the relevant rulings are best understood in the context of their setting against the 1909 and 1976 Copyright Acts.

The Copyright Act of 1909

Under the 1909 Act, as amended,[2] section 7 established separate and independent copyright protection

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[2] All references to the 1909 Act are to the Act as amended as of 1976, 17 U.S.C. §§ 1 *et. seq.* (1976 ed.) (superseded 1978).

(Continued on following page)

"under the provisions of this title" for new works, including a new work that incorporated, to some extent, one or more copyrighted works "when produced with the consent of the proprietor of the copyright in such works, [*i.e.*, a derivative work]."[3] 17 U.S.C. § 7 (1976 ed.);[4] *Mills Music, Inc. v. Snyder*, 469 U.S. 153, 157-58 (1985)("*Mills Music*").

Section 24 provided for two consecutive, 28-year copyright terms (initial and renewal) for all works subject to copyright. Congress intended the two-term scheme as (1) a lapsing device to enhance public access to works that were not renewed, and (2) a means to give authors a second chance to market their works. H.R. Rep. 60-2222, 60th Cong., 2d Sess., at 14-15 (1909). Even so, an author could transfer an interest in all or a part of the author's contemplated renewal term during the first term of copyright. *Fred Fisher Music Co. v. M. Witmark & Sons*, 318 U.S. 643, 657 (1943) ("*Fred Fisher*"). During the 27th year of the initial term, the "author"[5] was entitled to

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(Continued from previous page)

Sections 7, 24 and 28 were originally enacted as sections 6, 23, and 42, ch. 320, Act of March 4, 1909, ch. 320, 35 Stat. 1075, 1077, 1080 and 1084 and renumbered when codified, Act of July 30, 1947, ch. 391, 61 Stat. 652, as 17 U.S.C. §§ 7, 24 and 28. Section 5 was amended by the Act of August 12, 1912, 37 Stat. 488, ch. 356, to provide for the registration of motion pictures.

[3] Although all works are derived in some degree from prior works, a work is considered a "derivative work" in the technical sense if it would constitute an infringement if produced without the consent of the prior work's proprietor. 1 M. & D. Nimmer, *Nimmer On Copyright*, § 3.01 (1989) ("*Nimmer*").

[4] Section 7 was in effect reenacted in the 1976 Act, Pub.L. No. 94-553, 90 Stat. 2541, 2545 as section 103, codified as 17 U.S.C. § 103. *See* discussion at note 25, *infra*.

[5] Certain works originally copyrighted by "proprietors" were renewable by "proprietors" under section 24 (first proviso). App. 5.

obtain the "renewal" term (or, if the author died before the renewal period, the author's statutory successors in this order: spouse and children; executor; next of kin).[6]

The Copyright Act of 1976

Although the major revision of the copyright law enacted in 1976 fundamentally redefined the duration of copyright for post-1977 works – creating a single term for an author of life plus 50 years, 17 U.S.C. § 302(a) – Congress *retained the two-term scheme as to copyrights still in their initial term as of the effective date of the Act.*[7]

To continue the "second chance" purpose of the discarded two-term scheme *for post-1977 works*, the 1976 Act provides an inalienable right of termination. Where an author grants one or more of his or her statutory rights of copyright to another, the author (or specified heirs) may terminate the grant after a specified time. *Grants made after 1977* may be terminated after 35 years. 17 U.S.C.

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[6] The 1909 Act did not state what effect, if any, renewal by the statutory successor of a deceased author would have on the continued exploitation of a derivative work created in reliance on the author's promise to grant the right to use the derivative work during the prior work's renewal term. A great deal of speculation addressed, but no definitive decision decided, that issue until 1977, one year after enactment and one year before the effective date of the 1976 Act. *Rohauer v. Killiam Shows, Inc.*, 551 F.2d 484, 494 (2d Cir.), *cert. denied*, 431 U.S. 949 (1977)(holding that a derivative work may continue to be exploited). *See Mills Music, Inc. v. Snyder*, 469 U.S. 153, 176-77 n.45, 183 n.7 (1985). The court of appeals in this case expressly refused to follow *Rohauer*.

[7] Act of October 19, 1976, Pub. L. 94-553, 90 Stat. 2541, 17 U.S.C. §§ 101 *et seq*. The Act became effective on January 1, 1978. Those works in their initial term were given a 47-year renewal term – an additional 19 years were tacked onto the 28-year renewal under the prior Act. 17 U.S.C. § 304(b)(1977). The 1909 Act – as continued by the 1976 Act – will require renewals until the year 2005. Renewals in 2005 will expire in 2052. Note 64, *infra*.

§ 203(a)(3). Similarly, *pre-1978 grants* may be terminated after the end of the first 56 years of the copyright terms – such termination to affect only the additional 19 years tacked onto the 1909 Act's 28-year renewal term by the 1976 Congress. 17 U.S.C. §§ 203(b)(1) and 304(c)(3). *See Mills Music*, 469 U.S. at 161-62 (1985).

This new statutory termination right is subject, however, to an important exception. A derivative work authorized by a grant from the owner of a prior copyright may "continue to be utilized under the terms of the grant after its termination . . . " 17 U.S.C. §§ 203(b)(1) and 304(c)(6)(A); *Mills Music*, 469 U.S. at 161 (construing royalty obligations under the exception). This is the same result reached under the 1909 Act in *Rohauer v. Killiam Shows, Inc.*, 551 F.2d 484 (2d Cir.), *cert. denied*, 431 U.S. 949 (1977) (*"Rohauer"*), but rejected by the Ninth Circuit court of appeals in this case by its holding that continued use of the derivative work is unlawful.

2. The Undisputed Facts In This Case.

Cornell Woolrich authored a short story (the "Short Story") entitled "It Had To Be Murder" (later retitled "Rear Window"), first published in the February 1942 issue of Dime Detective Magazine. R. 87:[8] Ex. 1029. The entire issue of the magazine was registered for copyright in the name of the proprietor, Popular Publications. R. 1, ¶¶ 6-7; R. 87: Abend Ans. RFA 55-58 and Exs. 1001, 1002.

In 1943, Popular Publications assigned to Woolrich all rights in the Short Story except magazine publication rights.[9] In 1945, Woolrich assigned exclusive worldwide

[8] References to "R." are to the docket numbers of the Clerk's Record on Appeal in the Ninth Circuit Court of Appeals.

[9] R. 87: Ex. 1003, Abend Ans. RFA 59, Abend Amd. Ans. RFA 114; R. 1, ¶8.

motion picture rights in the Short Story and five other short stories to B.G. DeSylva Productions, Inc. for a lump sum payment of $9,250[10] for the initial and renewal copyright terms. R. 87: Ex. 1004, ¶¶ 3, 7, 8 (excerpted in Pet.App. at 78), Ex. 1083, Abend Ans. RFA 113.

In 1953, the actor, Jimmy Stewart, and the director, Alfred Hitchcock, formed a production company, Patron, Inc. ("Patron"), to produce the motion picture, Rear Window (the "Film"). Patron acquired the exclusive worldwide motion picture rights in the initial and renewal terms of the copyright in the Short Story, as well as a story treatment written by Joshua Logan, for $10,000 from a successor to Woolrich's assignee. R. 1, ¶9; R. 87: Exs. 1005-1010, Abend Ans. RFA 61; R. 112, ¶ 3; R. 113: Exs. 1087, 1088. Hitchcock and the screenwriter, John Michael Hayes, substantially revised the Short Story (the prior work), adding major characters and events, and Hayes wrote a screenplay with virtually all new dialogue.[11] In 1953 and 1954, Patron produced and copyrighted the Film (the derivative work), directed by Alfred Hitchcock, starring James Stewart and Grace Kelly, and based in part on Woolrich's Short Story. R. 87: Ex. 1010; Abend Ans. RFA 62-64. From about 1954 to 1962, Paramount Pictures Corporation ("Paramount") distributed the Film in

[10] The contract did not allocate the price; the purchasing power of such payment in 1987 was between $58,600 and $112,100. R. 101, at 27.

[11] The Short Story constitutes about 20% of the Film's *story*. R. 80: Ex. 1080, at xiii-xv; R. 113: Ex. 1055 (Film's script); R. 87: Ex. 1029 (the Short Story), Abend Depo. 41, 43-5; Hitchcock Depo. 38-41, in J.A. at 17-21. The Film's production also included photography of the actors' performances and their settings, assembly of the film, film editing, dubbing of dialogue, music and sound effects and their synchronization with the filmed action. *E.g.*, R. 113: Exs. 1085, 1089, at 9-12.

the United States and elsewhere.[12] R. 87: Abend Ans. RFA 73, Ex. 1011.

On September 25, 1968 (about 3 months before his Short Story copyright was eligible for renewal),[13] Woolrich died without leaving a surviving spouse or child. R. 1, ¶ 11. In 1969, Woolrich's executor, Chase Manhattan Bank, secured a renewal of the Short Story copyright. R. 87: Ex. 1015, Abend Ans. RFA 82-83.

In 1971, Stewart and Hitchcock authorized a nationwide television broadcast of the Film over the ABC network. R. 75, ¶ 5. Also in 1971, for payment of $650, Woolrich's executor purported to grant respondent Abend those rights in the Short Story renewal copyright that Woolrich had previously granted to petitioners' predecessor in interest.[14] R. 87: Exs. 1016, 1017, reprinted in J.A. at 10-16.

In 1976, the Copyright Act of 1976 was enacted to become effective in 1978. *See* note 7, *supra*, and accompanying text.

In 1977, in a case of first impression under the 1909 Act, *Rohauer v. Killiam Shows, Inc.*, 551 F.2d 484 (2d Cir.), *cert. denied*, 431 U.S. 949 (1977)("*Rohauer*"), the Second

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[12] The production cost (excluding deferred compensation for Hitchcock and Stewart) exceeded $1.1 million. The initial distribution costs exceeded $1.4 million. R. 75, ¶ 3.

[13] Under section 24 of the 1909 Act, the author could renew during the one year period prior to the end of the first term. If the author renewed during the 27th year, the renewal copyright would "vest" in the author even if the author died before the second term began. *See Frederick Music Co. v. Sickler*, 708 F.Supp. 587, 592 (S.D.N.Y. 1989).

[14] In 1974, Abend brought a copyright infringement action against petitioners in the Southern District of New York. The case was settled in 1976 without any agreement as to future uses. R. 75, ¶¶ 5-6; R. 87: Abend Depo. 77; Pet.App. 4 n.1. In 1983, Abend and Woolrich's executor amended the 1971 agreement to entitle Woolrich's estate to 10% of any recovery in this suit. R. 78: Ex. 8.

Circuit, in a unanimous opinion authored by Judge Henry Friendly, harmonized the potential conflict between section 7 (protecting derivative works produced with the consent of underlying works' authors as independent works) and section 24 (providing a "second chance" renewal term for both prior and derivative works). It held (the "*Rohauer* rule" hereafter) that the death of a prior work's author and renewal by the author's statutory successor operates so that:

(1) the owner of the derivative work copyright can continue to use the *existing* derivative work according to the original grant from the author of the underlying work; but

(2) the owner of the derivative work copyright cannot make *new* derivative works under the original grant during the prior work's renewal term.[15] In so ruling, the Second Circuit held that no precedent of this Court governed.[16]

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[15] *Rohauer* reached precisely the same result created by the derivative-works exception to the "second chance" statutory termination right provided under the 1976 Act. 17 U.S.C. §§ 203(b)(1) and 304(c)(6)(A); *Mills Music, Inc. v. Snyder*, 469 U.S. 153, 161-62 (1985). *See* discussion at 3-4, *supra*.

[16] *Rohauer* noted that this Court had held previously that *where an author renewed* his or her copyright, a prior assignment of rights in the renewal term could be enforced by the assignee. *Fred Fisher Music Co. v. M. Witmark & Sons*, 318 U.S. 643, 652 (1943). The assignee would then have the right to exploit all the rights granted, even those not yet used to create derivative works. But in *Miller Music Corp. v. Charles N. Daniels, Inc.*, 362 U.S. 373, 377-78 (1960), a case pitting a statutory successor against an author's assignee who apparently had *not* created a new, derivative work, this Court held that if the author died before renewing, the statutory successor, and not the assignee, would take the legal and beneficial *ownership* of the renewal copyright. *Rohauer* pointed out that the *Miller Music Court did not discuss or consider the impact of its ruling on a derivative work having section 7 and 24 rights*. 551 F.2d at 490. *See* discussion at 27-29, *infra*.

In 1982, the copyright in the Rear Window Film was renewed.[17] R. 87: Ex. 1024. In 1983, in reliance on advice of counsel that the 1977 *Rohauer* decision permitted the continued distribution of the Film, defendants Stewart and the Hitchcock co-trustees authorized Universal Pictures, a division of Universal City Studios, Inc. (Universal), to re-release the Film throughout the world. R. 70, ¶ ¶ 3-4; R. 73, ¶ ¶ 2-7. The Film's re-release in theatres began on about September 30, 1983 in the United States. R. 1, ¶ 2; R. 72, ¶ 5; R. 83, ¶ 3. The Film, R. 130, Ex. 1079, was also televised and sold in videocassette and disc formats. In every instance, the Film as re-issued contained the same material contained in the 1954 release. R. 69, ¶ 3; R. 83, ¶ 3.

Abend brought this action for copyright infringement in the United States District Court for the Central District of California on April 10, 1984, against Universal's parent, MCA Inc., Universal's wholly-owned subsidiary, Universal Film Exchanges, Inc., James Stewart and the Hitchcock co-trustees, seeking compensatory damages, an accounting of defendants' profits, injunctive relief, costs and attorney's fees. Jurisdiction of the district court was invoked under 28 U.S.C. § 1338(a). R. 1, ¶ 1.

3. The Decision of the District Court

Petitioners moved for summary judgment charging that the Short Story's renewal copyright was defective

[17] Patron was dissolved in 1960; all of Patron's rights in the Film, including the Film copyright, were assigned to Stewart (45%), Hitchcock (45%) and their agent, MCA Artists Ltd. (10%). The Hitchcock co-trustees are co-proprietors of the Film copyright renewal with Stewart and MCA Inc. (successor in interest to MCA Artists Ltd.) and successors in interest to the May 1945 Woolrich/DeSylva Assignment. R. 1, ¶ 10; R. 73, ¶ 8; R. 74, ¶ 3; R. 87: Abend Ans. RFA 61, 78, Exs. 1005-09, 1024-25, 1081-83.

and invoking the *Rohauer* rule and the "fair use" defense.[18] Respondent moved for summary judgment against petitioners' affirmative defenses. R. 67.

The district court granted petitioners' motions for summary judgment on the alternative grounds that petitioners' continued distribution of the Film was permitted by: (1) the *Rohauer* rule, and (2) the "fair use" defense (Appeal No. 87-5780). R.123; Pet.App. 54-58. The court denied petitioners' motion claiming that the renewal of the Short Story was defective and denied respondent's motion for summary judgment. R.133. Respondent and petitioners brought their appeals and cross-appeal[19] under 28 U.S.C. §§ 1291 and 1294(1).

4. The Decision of the Court of Appeals

A divided panel of the court of appeals reversed the summary judgments for petitioners, refusing to follow the *Rohauer* rule. The majority read *Miller Music Corp. v. Charles N. Daniels, Inc.*, 362 U.S. 373 (1960) ("*Miller Music*"), to constitute "ineluctable authority" for the proposition that upon "renewal and extension" by a statutory successor of a prior work, prior grants of the

[18] Petitioners' motion assumed for sake of argument that the Film used enough of the Short Story to constitute an infringement. R. 64.

[19] The district court's denial of petitioners' alternative motion that defects in the original "blanket copyright notice" or in perfecting the Short Story renewal copyright injected the Short Story into the public domain by 1970 was the subject of Appeal No. 87-5833 in the court below. R. 131. Petitioners did not seek review of the court of appeal's affirmance (Pet.App. 7-15; Part I of Opinion) in 87-5833 of the district court's ruling that Woolrich's Short Story was properly copyrighted and renewed. Respondent's motion for summary judgment attacking petitioners' affirmative defenses was denied, giving rise to Appeal No. 87-5922.

deceased author are rendered void – as a matter of copyright law – so that further use of any existing derivative work constitutes infringement of the prior work's renewal copyright. Pet.App. 23. Thus, the majority rejected the distinction drawn by the dissent and by *Rohauer* between cases where the author never agreed to assign renewal rights and a case such as this where the assignment was affected by operation of law under section 24.

Moreover, whereas the dissent below and the *Rohauer* court considered the existence of competing derivative and underlying copyrights – a factor not present in *Miller Music* – to be a special circumstance requiring accommodation of each copyright under the renewal statute, the majority below found that distinction to be irrelevant. Pet.App. 21-25. Additionally, the majority believed that the legislative history of the 1976 Act bound the court to construe the 1909 Act contrary to *Rohauer*. Pet.App. 30-31. Recognizing that its ruling effectively gave the Short Story author's statutory successor veto power over distribution of the Film ("copyright death")[19a], even though the Film contained substantial new matter, the majority created a special exemption from injunctive relief for "classic" films, but left such films subject to all other infringement remedies. Pet.App. 31-36.

The court below also refused to sanction the *Rohauer* result under the "fair use" doctrine, primarily because it misunderstood petitioners' counsel to concede that the Film's 1983 re-release adversely affected the market for the Short Story. Pet.App. 36-40.

SUMMARY OF ARGUMENT

1. Under section 7 of the 1909 Act, when a derivative work is created with the consent of the owner of an underlying work, the derivative work is entitled to a new and independent copyright with the same rights under the Act as prior works.

[19a] Nevins, "Rx for Copyright Death," 1977 *Wash. U.L.Q.* 601.

2. Section 24 does no more than identify the persons eligible to renew a copyright. In the face of the section's vaguely indicated purpose to give authors or their statutory successors a "second chance" to market their works, it was left to the courts to evolve a theoretical framework to effect that goal in a manner consistent with the overall statutory scheme and the general purpose of the Act which is to balance an author's interest in a reward against the public's interest in access to creative works.

3. The lower courts early on described the renewal term as a "new grant" or "new estate" so as to rationalize a result indicated by the legislative history – a preference that authors or their successors should prevail over mere publishers/assignees in claims for the renewal term. But the "new estate" imagery sometimes had to be modified to avoid results inconsistent with the Act's purposes.

4. Thus, this Court held that an author could devise his renewal term to his executor even before it vested, to avoid having a copyright lapse for lack of renewal, *Fox Film Corp. v. Knowles*, 261 U.S. 326 (1923), and that an author could grant a renewal term before it vested because as a practical effect the author might not otherwise be able to sell a copyright interest during the latter part of his initial term. *Fred Fisher* (1943). Confronted by a claim in *Miller Music* (1960) that since an *executor* statutory successor takes the renewal as a personal representative, the executor should take subject to the author's lifetime assignments *to publishers*, this Court resolved the dispute as it always has – favoring the author (or the statutory successor) over a mere publisher in a contest over ownership to a *single* copyright. In describing the reversionary effect of § 24 on the attempted assignment, the *Miller Music* Court explained that the assignment of the renewal term before the term vested was a grant of a contingent interest; such interest simply failed to vest if the author failed to survive to renew.

5. The majority below held that *Miller Music*'s use of the "new estate" and "contingent interest" imagery compelled a conclusion that a statutory successor's renewal,

as a matter of copyright law, terminated the author's prior grant of rights to distribute a derivative work during the renewal term. The majority thus conflicted with the only other decision on point, Judge Friendly's opinion for a unanimous Second Circuit panel in *Rohauer*, which held that *Miller Music*'s rationale would not be applied to terminate a right to continue distribution of a derivative work. *Rohauer* rightly emphasized the presence of a paramount factor not present in *Miller Music*, *i.e.*, a derivative work given independent copyright standing by section 7 and the same rights under section 24, as were given to prior works. Thus, a modified judicial rule was needed to reach a proper reconciliation of two competing copyrights.

6. The *Rohauer* rule is consistent with the letter and the purposes of the Act. It makes the copyright law's treatment of pre-1978 works under the 1909 Act consistent with the treatment of post-1977 works under the 1976 Act. It will encourage future use of old works in new derivative works; it will allow continued public access to large numbers of existing derivative works.

7. The rule adopted by the court below negates the 1909 Act's language and purposes in that it (a) unduly extends the monopoly of the copyright owner in the prior work to the new matter in the derivative work; (b) disregards the primary purpose of the Copyright Act which is to serve the cause of promoting broad availability of copyrighted works to the public; (c) deprives the creator of a derivative work of its reward by making its right to exploit its work contingent on the prior author's survival to renew the prior work's copyright; and (d) deprives authors of the economic opportunity to sell their works for use in derivative works where the production of such works requires substantial investment and where the end of the original term of copyright in the author's work approaches. It will only benefit speculators.

ARGUMENT

I. THE ROHAUER RULE BEST ACCOMPLISHES THE PURPOSES OF THE 1909 ACT

A. The Dispositive Inquiry is Whether Copyrighted Derivative Works Should Be Treated as Second-Class Copyrights That are Subordinate to Prior Works' Copyrights

From at least 1951 until 1977, the issue presented here engaged courts and commentators in a continuing debate. Is a copyrighted derivative work subordinate to the prior copyrighted work so that a renewal of the copyright in the prior work, by its author's statutory successor, extinguishes *as a matter of copyright law* the right of a derivative copyright owner to continue exploitation of the derivative work?

Two theories drive the conflicting viewpoints. The late Professor Melville Nimmer led the campaign for a "subordinate" derivative copyright that would be deadlocked by the death of the prior work's author before renewal.[20] This view was generally adopted by a majority of the divided panel in the court below.

The other approach, sometimes described as the "limited new property theory", is expressed in Judge Friendly's 1977 *Rohauer* opinion. It concludes from the language and the history of sections 7 and 24 that derivative works are to be afforded an independent status equal to prior works. It also concludes that the judicial rules created to resolve conflicts between an author and a mere *user* of a single copyrighted work must be modified to resolve a conflict between a statutory successor of the author of a prior copyrighted work and a user/*author* of a

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[20] Professor Nimmer led the attack against *Rohauer* in his treatise, 1 M. & D. Nimmer, *Nimmer On Copyright* § 3.07[A] (1989) (*"Nimmer"*) and by joining as co-counsel in the filing of the complaint in this litigation. R. 1, at 1. Others, including Professor Benjamin Kaplan, thought such a result would be "peculiarly perverse." B. Kaplan, *An Unhurried View of Copyright* 112 (1969).

copyrighted derivative work – to accomplish the 1909 Act's non-discriminatory policy to encourage all authors.

Although both the *Rohauer* court and the majority below agree that important copyright purposes require a rule that allows the continued distribution of the derivative work, they would accomplish those purposes in dramatically different ways. *Rohauer* treats the continued distribution of petitioners' Film as authorized by the Act and the prior author's grant; the majority below treats such distribution as an infringement, but modifies the statutory remedies by creating a no-injunction rule for "classic films" while otherwise leaving the Film's owners to proceed at the peril of the remedies usually imposed on infringers.

B. Neither the Text Nor the Legislative History of the Statute Relegates Derivative Works to Second-Class Status

1. Section 7 Protects Derivative Works and Prior Works Equally

"The starting point for our interpretation of a statute is always its language." *Community For Creative Non-Violence v. Reid*, 57 U.S.L.W. 4607, 4609 (U.S. June 5, 1989) (*"Reid"*). Respondent argued below that section 7 imposed limits on the rights of a derivative work owner whenever the author of a prior work died during his or her first term. No such limits are evident from the statute's language. The first clause of Section 7 contains no hint that a derivative work is subordinate to, or a "second class citizen" of, the prior work:

> Compilations or abridgments, adaptations, arrangements, *dramatizations*, translations, or *other versions* of works in the public domain, or *of copyrighted works* when *produced with the consent* of the proprietor of the copyright in such works, or works republished with new matter, *shall be regarded as new works* [*i.e.*, a derivative work] *subject to copyright under the provisions of this title* . . .

(Emphasis and bracketed material added).

Nor does the legislative history indicate otherwise. At the first meeting convened by the Librarian of Congress in the revision process, the question whether derivative works were worthy of protection for time periods equal to those afforded underlying works was answered affirmatively and unanimously. 1 *Legislative History of the 1909 Act*, (E. Brylawski & A. Goldman, eds. 1976) (*"Legislative History"*) Pt. C at 106 (Solberg) and 107 (Scribner). Although draft bills prepared by the Librarian or in Congress later considered shorter terms for some types of derivative works, 3 *Legislative History*, at LIV, the Act contains no such limits and the House Report issued to accompany the final bill simply states that then section 6 "re-enacts existing law and permits the copyrighting of abridgements and new versions of works." H.R. Rep. 60-2222, *supra*, at 10.

Section 7 has three provisos: "publication" of the derivative work shall not (1) "affect the force or validity" of the underlying copyright; (2) "imply an exclusive right" to use the underlying work; or (3) "secure or extend copyright" in the underlying work. When construed with the reference to "new matter" in the introductory clause, the apparent purposes of the *first* and *third* provisos are to ensure that publication of the derivative work will not shorten or lengthen the life of the copyright in the prior work. These provisions thus delineate the rights between the owner of a prior work *and the public, not* between a prior work's owner and the derivative work owner. Only the *second* clause concerns the relative rights of owners of the prior and the derivative works. It is not implicated here: the *Rohauer* rule does not mean that the derivative work owner has an "exclusive" right to use the prior work.[21]

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[21] The no-implied-exclusivity clause was included in an early draft before the bill stipulated that derivative works could be produced only with the consent of the prior work's author. *Rohauer*, 551 F.2d at 489. The House Report states only that section 6 "provides that such copyright shall give no exclusive right to the use of the original works or in any way extend the copyright on such original works." H.R. Rep. 60-2222, *supra*, at 10.

In *Rohauer*, plaintiff echoed Professor Nimmer's argument that *after* the death of the original work's author, section 7's "force or validity" clause (the first proviso) operated to prohibit the derivative work owner both from (1) making new works and (2) distributing an existing work. 551 F.2d at 488. After reviewing a newly published work on the Act's legislative history, Judge Friendly concluded that the "force or validity" clause was *not* intended to apply to the *Rohauer* situation *at all*[22], but rather to ensure that "publication" of a derivative work with a defective copyright notice would not inject the underlying work into the public domain.[23] 551 F.2d at 489-90 & n.7.[24]

The majority below deemed it unnecessary to decide whether or how the "force or validity" clause bears on the issue, Pet.App. 20 n.8, but recited approvingly respondent's argument that the *Rohauer* rule violates "the

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[22] Although the *Rohauer* opinion states twice that the legislative history showed the "force or validity" clause to be inapplicable, 551 F.2d at 488, 492, Professor Nimmer's treatise misses both these statements, instead *mistaking the Rohauer defendant's argument* – that the "force" clause *did* apply to some extent – for the *Rohauer* court's decision. 1 *Nimmer*, § 3.07[A] at 3-28.1 n. 21 and text.

[23] This is the holding in *Filmvideo Releasing Corp. v. Hastings*, 668 F.2d 91, 93 (2d Cir. 1981); *Russell v. Price*, 612 F.2d 1123, 1128 (9th Cir. 1979), *cert. denied*, 446 U.S. 952 (1980); and *Grove Press, Inc. v. Greenleaf Pub. Co.*, 247 F.Supp. 518, 524 (E.D.N.Y. 1965).

[24] *Rohauer*'s conclusion is supported by a colloquy between B.J. Falk and A. Beverly Smith on June 1, 1905, 1 *Legislative History* Pt. C. at 112, and by the testimony of W.B. Hale and his proposed amendment in March 1908. 5 *Legislative History* Pt. K at 77-78. *See also Jaszi, "When Works Collide: Derivative Motion Pictures, Underlying Rights and the Public Interest," 28 UCLA L.Rev.* 715, 790-94 (1981)("*Jaszi Article*").

traditional rule" that a derivative copyright protects only the new material contained in the derivative work, not the matter derived from the underlying work. Pet. App. 19-20, 25-26 n.14, citing *Russell v. Price*, 612 F.2d 1123, 1128 (9th Cir. 1979), *cert. denied, Drebin v. Russell*, 446 U.S. 952 (1980), and *Gilliam v. American Broadcasting Co.*, 538 F.2d 14, 20 (2d Cir. 1976). In turn, both those decisions rely upon 1 *Nimmer*, § 3.04 and *Grove Press, supra*, note 23. But that "traditional rule", now found in section 103(b) of the 1976 Act,[25] simply restates the effect of the "force or validity" clause. It is irrelevant here.

2. Section 24 Must be Interpreted in the Context of the Statute as a Whole

Interpretation of section 24 has always been difficult because "after years of consideration and study, [section 24] one of the most important provisions of the [1909] Bill [was] pieced together hastily and enacted without any real analysis of the consequences."[26] The difficulty arises from the fact that the renewal copyright established in the Act of 1831 and elaborated in the Act of 1909 "is a unique form of property whose nature and theoretical basis are still unclear." *Ringer Study, supra* note 26, at 124.

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[25] Supplementary Report of the Register of Copyrights on the General Revision of the U.S. Copyright Law: 1965 Revision Bill, 89th Cong., 1st Sess., Copyright Law Revision, Part 6 (H. Judiciary Comm. Print 1965), at 6: "Section 103 . . . attempts to sharpen and clarify the language of section 7 of the present law in describing the relationship between protection for 'old' and 'new' material in a work . . . . In [cases of compilations or derivative works] the author of the 'new version' secures protection only for the material he himself has added, without affecting the copyright or public domain status of the pre-existing material." *See also* H.R. Rep. 94-1476, 94th Cong., 2d Sess. (1976), at 57.

[26] Studies Prepared for the Subcomm. on Patents, Trademarks and Copyrights, Comm. on the Judiciary, U.S. Sen., 86th

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This Court has cautioned that, because section 24 contains ambiguities not resolved by a literal reading, the statute must be read as a whole. *DeSylva v. Ballantine*, 351 U.S. 570, 573 (1956). When the Act is ambiguous, it is to be construed to promote the primary purpose of public access. *Twentieth Century Music Corp. v. Aiken*, 422 U.S. 151, 156 (1975).

Before the 1909 Act, Congress considered instituting a single copyright term – similar to that under section 203 of the 1976 Act. *Ringer Study*, at 112-21. However, the 1909 Act retained the two-term system to accomplish two purposes: (1) a lapsing device to enhance public access to works that were not renewed,[27] and (2) a means to give authors a "second chance" to market their works. H.R. Rep.No. 60-2222, *supra*, at 14-15 (1909).

a. The Language of Section 24 Does Not Directly Address the Issues in this Case

The language of section 24 does not directly address the issue in this case. The opening clause provides that "the copyright secured by this title [thus, including derivative work copyrights] shall endure for twenty-eight years from the date of first publication."

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Cong., 2d Sess., Study No. 31, *Renewal of Copyright*, B.A. Ringer (Comm. Print 1961) (*"Ringer Study"*), at 121. This Study, authored by a future Register of the Copyright Office, *Mills Music*, 469 U.S. at 174 n.42, was one of 34 studies undertaken under the auspices of that Office, at the direction of Congress, to begin the general revision process culminating in the 1976 Act.

[27] In 1910, less than 4 percent of eligible copyrights were renewed. In 1959, 14 percent of eligible copyrights were renewed. *Ringer Study*, Table 2, at 222.

The first proviso (applicable to the Film) states that for works originally copyrighted by the proprietor of a composite work, a corporate body or an employer, the *proprietor* of such copyright "shall be entitled to a renewal and extension of the copyright in such work for the further term of twenty-eight years."

The second proviso (applicable to the Short Story) states that for other copyrighted works, including contributions by an individual author to a composite work:

> [T]he author of such work, if still living, or the widow, widower, or children of the author, if the author be not living, or *if such author, widow, widower, or children be not living, then the author's executors* . . . shall be entitled to a renewal and extension of the copyright in such work for a further term of twenty-eight years.

(Emphasis added).

There is no indication here of the consequences of such renewal, and no acknowledgment or resolution of possible conflicts between the copyrights in prior and derivative works.

b. There Was No Congressional Intent that Reversions to Statutory Successors Should be Construed to Disrupt Distribution of Derivative Works

True enough, the legislative history confirms that one purpose of creating two separate terms was to enable an author to have a second chance to make a better deal than that made during the first term when the long-term value of the work might not have been known. H.R. Rep. 60-2222, *supra*, at 14. But Congress was focused on the conflict between an author and a mere publisher over a single work, not between an author of a prior work and the author of a derivative work:

> Your committee, after full consideration, decided that it was distinctly to the advantage of the author to preserve the renewal period. It not infrequently happens that the author sells

> *his copyright* outright *to a publisher* for a comparatively small sum. If the work proves to be a great success and lives beyond the term of twenty-eight years, your committee felt that it should be the exclusive right of the author to take the renewal term, and the law should be framed *as is the existing law, so that he could not be deprived of that right.*

Id. at 14 (emphasis added).[28]

The majority below misconstrued a portion of the legislative history. Quoting Mr. Hale, a book publisher, at a March 1908 hearing on revision, complaining about the problem of obtaining rights from joint authors of composite works to assure that such works were timely renewed,[29] the majority below concluded that Congress understood that the renewal right was to be contingent so as to make contingent the continued use of derivative

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[28] This Court explained in *Fred Fisher*, 318 U.S. at 654, that Congress maintained a fictional split between the initial and renewal terms only so that the author, by granting rights in his "copyright," would not be deemed inadvertently to have granted both terms. Because the Act also provided for assignability of copyright interests, 17 U.S.C. § 28, and because authors might not be able to sell their copyright near the end of a first term without also granting the renewal term, this Court concluded that an author could grant the renewal interest prospectively. *See* discussion at 24-25, *infra*.

[29] Mr. Hale explained that under the existing Act, composite works such as encyclopedias were *originally* copyrighted by the various contributors and renewed by such authors or their successors:

> [I]t is only possible to cover the right of renewal of the actual author. The right of renewal is contingent. It does not vest until the end. If he is alive at the time of renewal, then the original contract may pass it, but his widow or children or other persons entitled would not be bound by that contract.

5 *Legislative History* Pt. K at 77.

works.[30] But, Mr. Hale was not describing a derivative work or the possible termination of such work's distribution because of a prior work's renewal. Rather, Mr. Hale's concern was that *original composite works were lapsing for failure to renew*. Congress simply responded with a rule of convenience, giving the right to renew composite works to the proprietor under the first proviso of the section. Nor does the House Report[31] evidence a recognition or a concern that reversions to statutory successors will disrupt the continued distribution of composite works. The majority below drew the wrong conclusion.

The text of the Act and its legislative history establish that derivative works are "new works subject to copyright under this title" and are entitled to a renewal term just as prior works. The holding of the majority below that section 24's "second chance" policy disrupts the continued distribution of a copyrighted derivative work, in its initial or renewal term, violates three rules of

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[30] "[B]ecause the contingent nature of the renewal right would cause hardship to owners of composite works, Congress exempted composite works from this aspect of the renewal provision in the 1909 Act. *See* 17 U.S.C. § 24. Significantly, Congress did *not* include a similar exemption for derivative works." (Emphasis in the original). Pet.App. 25. The panel's last sentence fails to appreciate that a *composite* work may also be a *derivative* work. Congress was not addressing a conflict between prior and derivative works.

[31] "In the case of composite or cyclopedic works, to which a great many authors contribute for hire and upon which the copyright was originally secured by the proprietor of the work, it was felt that the proprietor of such work should have the exclusive right to apply for the renewal term. In some cases the contributors to such a work might number hundreds and be scattered over the world, and it would be impossible for the proprietor of the work to secure their cooperation in applying for the renewal." H.R. 60-2222, *supra*, at 15.

construction:[32] (1) that the statute must be read as a whole, *DeSylva*, 351 U.S. at 573, (2) that implied exceptions to express provisions are not favored, *Maxwell v. Moore*, 63 U.S. (22 How.) 185, 191 (1859), and (3) that a statute should be interpreted so as not to render one part inoperative. *Mountain States Tel. & Tel. Co. v. Pueblo of Santa Ana*, 472 U.S. 237, 249 (1985). A proper resolution of the issue in this case ultimately rests upon an understanding of the judicial gloss on section 24, culminating in *Miller Music* (1960).

c. The Judicial Gloss on Section 24 Does Not Foreclose The Rohauer Rule

Courts have consistently construed section 24 to favor authors over mere publishers, and have created and elaborated a "new estate" analogy to explain desired results. Thus, in explaining why the 1909 Act did not allow "assignees" to renew under section 24's second proviso, one early court concluded that, beginning with the Act of 1831, Congress "broke up the continuity of title" and created a "new grant".[33] Building on this analogy, yet another court described the renewal term as a

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[32] The Congress considered and rejected proposals that would have derivative work copyrights expire coterminously with the prior work's copyright. 1 *Legislative History* Pt. C at 106-108. The majority's rule of early expiration is thus inconsistent with one of Congress few express choices.

[33] *White-Smith Music Pub. Co. v. Goff*, 187 F. 247, 250 (1st Cir. 1911). The Attorney General had already opined that only the persons specified by statute, not assignees, could renew, but he hastened to add that "who may possess the *legal or equitable right* in the copyright after renewal . . . *is to be determined by the terms of such contract* as the author . . . *may have entered into before* or after the *renewal is had*." 28 Op. Att'y Gen. 162, 166 (1910)(emphasis added).

"new estate, not a true extension of the existing copyright."[34]

The "new estate" imagery created the issue in *Fox Film Corp. v. Knowles*, 261 U.S. 326 (1923). Relying upon the "new estate" analogy, note 34 *supra*, a motion picture company argued that an author's copyright was not properly renewed by the author's executor because the author, having died before the period of renewal, had nothing to bequeath and thus the executor has nothing to renew. In a unanimous opinion by Justice Holmes, this Court assumed "for the purposes of the present argument only" that "renewal creates a new estate", and that the author had nothing to bequeath. *Fox Film Corp. v. Knowles*, 261 U.S. at 329-30. Nevertheless, to effect the Act's policy of saving renewals, this Court held that the executor could renew "to secure the continuance of the copyright". *Id.*[35] Obviously, the Court was willing to modify the "new estate" analogy to effect the Act's purpose.[36]

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[34] *Silverman v. Sunrise Pictures Corp.*, 273 F. 909, 911 (2d Cir. 1921)(emphasis added)("*Silverman I*"). The *Silverman I* court felt compelled to this analysis so as to confirm a renewal by next of kin, thus avoiding a lapse of copyright protection. The author had died five years before renewal and the executors were discharged before the time of renewal. The court's "new estate" analogy enabled it to conclude that the "new estate" did not occur in time for it to vest in the executors.

[35] Because the Constitution limits Congressional grants of copyright to "authors", any analogy that entirely disengages the initial term from the renewal term is simply indulging a "fiction". U.S. Constit., art. I § 8; *see* 1 *Nimmer*, § 1.06.

[36] In *Silverman v. Sunrise Pictures Corp.*, 290 F. 804, 805, ("*Silverman II*"), *cert. denied*, 262 U.S. 758 (1923), the Second Circuit took note that its "concept of the renewal copyright being an estate" and that it must be in existence to be transferred "is not law" after this Court's decision in *Knowles*.

This Court made its most extensive review of the renewal provisions of the first federal copyright act, Act of May 31, 1790, ch. 15, 1 Stat. 124, and the major revisions, the Act of February 3, 1831, ch. 16, 4 Stat. 436, and the 1909 Act, in *Fred Fisher Music Co. v. M. Witmark & Sons*, 318 U.S. 643, 647-54 (1943). The Court held that an author's assignment of his or her renewal interest before the renewal vested was enforceable against the author when the author later renewed. 318 U.S. at 657.

The Court first disposed of an argument against assignability based on a change in the 1831 Act. Under the 1790 Act, if the author did not survive, no renewal was granted at all; the work went into the public domain. Under the 1831 Act, if the author died before renewal, the author's widow and children were permitted to renew. *Id.* at 650. Although the 1831 Congress debated whether the author or the bookseller ought to "receive the reward", this Court explained that, in context, Congress was choosing whether, upon an author's death, the work should fall into the public domain (thus benefiting the bookseller) or whether the renewal ought to be passed to the widow and children. By granting the right of renewal to the author's survivors, "Congress was of course preferring the author to the bookseller." *Id.* at 651.

The Court also concluded that the two-term copyright system was retained not to bar assignments of renewals, but simply to maintain the benefit of the presumption conferred on an author by the "existing law" referred to in the 1909 House Report, quoted *supra* at 19-20 – a rule of contract interpretation – that an assignment by an author that referred only to his or her "copyright" in general terms was deemed not specific enough to convey his or her *renewal* interest. *E.g., Pierpont v. Fowle*, 19 Fed.Cas. 652, 658-60 (C.C.D.Mass. 1846) (No. 11,152). *Id.* at 654.[37]

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[37] *Fred Fisher* referred to the *White-Smith* decision, note 33, *supra*, to indicate that its "new grant" imagery was no impediment to assignability. 318 U.S. at 651.

Finally, this Court explained that section 42 (later renumbered § 28) of the 1909 Act expressly provided that copyright interests were assignable and that, as a practical matter if an author cannot make an effective assignment of his renewal, the renewal might be worthless to him when he is most in need, *i.e.*, towards the end of the initial term. *Id.* at 657. Thus, in *Fred Fisher*, the author was held to have renewed subject to his prior assignment. *Id.* at 645-46, 657-59.

The first case to generate debate about the issue in this case was *G. Ricordi & Co. v. Paramount Pictures, Inc.*, 189 F.2d 469 (2d Cir.), *cert. denied*, 342 U.S. 849 (1951) (the "Madame Butterfly" case). A derivative work (an opera) owner sought a declaratory judgment that it could use a portion of a prior work (a novel) incorporated into the opera to produce a movie during the renewal term of the prior work – even though the author of the prior work (who survived to renew) had never purported to grant a license to the derivative work owner for the prior work's renewal term.[38] In *dictum*, citing *White-Smith*, *Silverman I*, *Fitch* and *Fox Film Corp. v. Knowles*, *supra*, the *Ricordi* court rejected the request,[39] stating that "[a] copyright renewal creates a new estate, and the few cases which have dealt with the subject assert that the new estate is clear of all rights, interests or licenses granted under the original copyright."[40] *Id.* at 471.

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[38] *Ricordi* relied on this Court's holding in *Fred Fisher*, *supra*, to rule that the grant of rights in the prior work's "copyright" did not include a grant of rights during the *renewal* term. 189 F.2d at 471.

[39] In fact, the Second Circuit did not state that Ricordi could not continue to license live performances of its opera (the existing derivative work), merely that Ricordi was "not entitled to make general use of the novel for a motion picture version" of the prior work. 189 F.2d at 471.

[40] In so stating, it paraphrased *Fitch v. Shubert*, 20 F.Supp. 314, 318 (S.D.N.Y. 1937), wherein the statutory successor of a

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Relying on the *dictum*, advocates of the so-called "broad interpretation" of *Ricordi* deemed a derivative work to be subordinate to the prior work copyright and opined that whenever a renewal term of a prior work's copyright was deemed to revert either by reason of *contract or by operation of law* (renewal by a statutory successor), the derivative work owner would be deemed to lack permission to continue distribution of such derivative work.[41] A "narrower interpretation" limited *Ricordi* to its *contract law* holding, pointing out that (1) the author of the prior work never purported to grant the derivative work owner more than an interest in the first term of the underlying copyright, and (2) the only issue decided by *Ricordi* was that the original contract (rather than

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copyrighted play sought to enjoin future performances of a derivative musical version of the play produced under license from the play's author. *Although the original license had expired according to its own terms before renewal* of the play copyright, the *Fitch* court, in *dictum*, stated that the statutory successor "acquired a new and independent right in the copyright, free and clear of any rights, interests, or licenses attached to the copyright for the initial term," citing *Silverman I, supra*. In *Rohauer*, the Second Circuit distinguished *Fitch* on the contract ground, 551 F.2d at 490-91, apparently reviewing the court's records to determine a fact not apparent from the *Fitch* opinion. *Jaszi Article*, 28 *UCLA L.Rev.*, at 796.

[41] *E.g.*, *"It would seem*, on the basis of judicial authority, legislative history, and the opinions of the commentators, that someone cannot avoid his obligations to the owner of a renewal copyright merely because he created and copyrighted a 'new version' under a license or assignment which terminated at the end of the first term." *Ringer Study*, at 169-70 (emphasis added). *See also* Bricker, "Renewal and Extension of Copyright," 29 *S.Cal.L.Rev.* 23, 27, 43 (1955).

operation of law) barred the derivative work (opera) owner from making a *new* work (movie).[42]

This Court first touched on the reversionary effect of statutory succession on an author's grant, in *dictum*, in *DeSylva v. Ballentine*, 351 U.S. 570 (1956). The only question before the *DeSylva* Court was whether *a widow and children as a class* or *the widow alone* is entitled to share in the copyright renewal during the widow's lifetime. *Id.* at 572. In concluding that a surviving widow *and* children as a class ought to own the renewal[43], this Court stated, without citation to authority, that "[t]he evident purpose of § 24 is to provide for the family of the author after his death. Since the author cannot assign his family's renewal rights, § 24 takes the form of a compulsory bequest of the copyright to the designated persons." *Id.* at 582.

The pivotal decision for the majority below was *Miller Music Corp. v. Charles N. Daniels, Inc.*, 362 U.S. 373 (1960). A publisher-assignee of the author claimed that an executor-statutory successor's renewal of copyright was subject to that author's assignment of the entire renewal. In *Miller Music*, petitioner *conceded* that an author's assignment of the renewal term could not defeat the right of a widow or a child or a next of kin to renew if the author died before the time for renewal.[44] *Id.* at 375. Building on that concession and the statute's equal treatment of all statutory successors, a majority of

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[42] By 1964, Professor Engel had stated the narrow interpretation of *Ricordi* in this country's leading copyright journal. Engel, "Importation and Protection of Works of American Authors Manufactured Abroad Via the U.C.C. Exemption from Formalities: How Now Sacred Cow?", 12 *Bull. Copyright Soc'y* 83, 119 n.126 (1964-65).

[43] Noting the ambiguous nature of section 24, this Court construed "widow or children" to mean "widow *and* children". 351 U.S. at 580.

[44] The concession was apparently based upon the above quoted *dictum* of this Court in *DeSylva, supra*, 362 U.S. at 375.

this Court in *Miller Music* denied the assignee's claim.[45] It then made the statement relied on below:

> [The statutory successors] obtain the renewal copyright free of any claim founded upon an assignment made by the author in his lifetime . . . not because the author's assignment is invalid but because he had only an expectancy to assign; [footnote omitted] and his death, prior to the renewal period, terminates his interest in the renewal which by § 24 vests in the named classes.[46]

Id. at 375. *Miller Music* is easily distinguishable from the present case because there was *no derivative copyright* with sections 7 and 24 rights at stake in *Miller* nor was there any discussion whether the presence of such a derivative work would require a different application of the judicial rule of vesting to reconcile conflicting interests of two copyright owners.

Thus, *Rohauer*, in 1977, could truly be considered a case of "first impression".[47] *Rohauer*, 551 F.2d at 485 n.1. The *Rohauer* court was able to conclude that this Court's

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[45] Writing for four dissenting members of this Court, Justice Harlan thought that unlike spouses or children, "executors", as personal representatives of the author, ought to be bound by the author's prior grants. 362 U.S. at 381-82.

[46] The omitted footnote cited commentators that generally agreed with such a proposition, variously relying upon the *Fred Fisher, Fox Film Corp. v. Knowles* and *White-Smith, supra*, decisions. Other commentators use the imagery of a "reversion" rather than the "contingent expectancy" imagery to describe the effect of renewal by a statutory successor. *E.g.*, Note, "*Rohauer v. Killiam Shows, Inc.* and the Derivative Work Exception to the Termination Right: Inequitable Anomalies Under Copyright Law," 52 *S.Cal.L.Rev.* 635, 637-39 (1979).

[47] Until *Rohauer*, the decided cases lacked some or all of the following pre-conditions to the issue in this case: (1) the prior author's grant of renewal rights, (2) a statutory successor, and (3) a copyrighted derivative work created with the consent of the prior work's author.

decisions in *Fox Film Corp. v. Knowles, Fred Fisher, DeSylva*, and *Miller Music* had no real bearing on the issue before it either in their holding or in their opinions,[48] that the lower court decisions in *Fitch* and *Ricordi* had no application,[49] and that the commentators were split,[50] inconclusive or based their conclusions on faulty logic.[51] *Rohauer*, 551 F.2d at 490-93.

Against the backdrop of a pliable "new estate" analogy, the *Rohauer* court concluded that the vesting of the "new estate" in the underlying copyright in a statutory successor did not deprive the proprietor of the derivative copyright of a right stemming from the § 7 consent of the deceased author to use so much of the prior work as was already embodied in the derivative work. 551 F. at 492. It

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[48] "All these cases were concerned with the relative rights of persons claiming full assignment or ownership of the renewal term of an underlying copyright [not] a proper reconciliation between the grant of derivative copyright in § 7 and the final proviso of § 24 with respect to renewals of underlying copyrights." *Rohauer*, 551 F.2d at 490-93.

[49] "[W]e have been cited to no case holding that the inability of an author to carry out his promise to effect a renewal of a copyright because of his death prior to the date for obtaining renewal terminates *as a matter of copyright law* the right of a holder of a derivative copyright to continue to publish a derivative work copyrighted before the author's death on which the copyright was thereafter renewed." *Rohauer*, 551 F.2d at 491. (emphasis in original).

[50] *See, e.g.*, notes 41-42, *supra*.

[51] *Rohauer* considered and rejected Ms. Ringer's conclusion, note 41, *supra*, as "tentative". 551 F.2d at 492-93. It found the cited decisions, *Fitch* and *Ricordi*, inapt. The legislative history cited by Ms. Ringer reflected a concern that copyright in a new version would "secure protection" for nothing but the "new matter". *Id.* at 493 n.10. *Rohauer* found this history inapt too because the *Rohauer* result does not purport to "secure protection" for anything but the "new matter" in the derivative work; it only permits the continued "use" of old matter from the prior work.

drew *limited* support for its view of an "independent" derivative work copyright in the "new property theory" expressed in *Edmonds v. Stern*, 248 F. 897 (2d Cir. 1918). That decision, just nine years after the 1909 Act, held that once the § 7 consent is given to produce the derivative work the prior work's copyright may not deter distribution of the derivative work:

> When that consent was given, a right of property sprang into existence, not at all affected by the conveyance of any other right.

248 F. at 898. *Edmonds* thus provided the "limited new property" basis for *Rohauer*.[52] As noted at 33-37, *infra*, the *Rohauer* rule derives additional support from the purposes of the Act.

In 1985, construing the analogous second chance termination right (and its derivative works exception) in section 304 of the 1976 Act, four dissenting Justices of this Court (without contradiction by the majority) noted that *Rohauer* had distinguished *Ricordi* and represented the "prevailing view" on the issue currently before this Court. *Mills Music, Inc. v. Snyder*, 469 U.S. 153, 183 n.7 (1985) (White, J. dissenting). The majority of this Court in *Mills Music* was careful not to adopt a broad reading of

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[52] Although the majority below, Pet.App. 20 n.9, repeated Nimmer's argument that *Ricordi* repudiated the "new property right theory" as set out in *Edmonds v. Stern*, the *Ricordi* decision cited *Edmonds, supra*, for the proposition that Ricordi & Co. was entitled to copyright "so much of the opera as was a 'new work' and entitled to be independently copyrighted as such." 189 F.2d at 471 n.2. Since a prior work's author may, by *contract*, limit the duration of use by a derivative work owner, *Ricordi* may be seen as an instance wherein the derivative work's owner impliedly covenanted not to exploit the grant beyond the first term. The rights of the derivative work's owner in *Ricordi* were determined by contract, not by operation of law. Ellingson, "The Copyright Exception for Derivative Works and the Scope of Utilization," 56 *Ind. L.J.* 1, 23-27 (1980).

Ricordi, instead referring to respondents' characterizations of *Ricordi* as: "they assert", "according to respondents", "Some observers apparently believed". 469 U.S. at 176 n.45.

Although the majority below acknowledged that *Rohauer* and this case require a resolution between conflicting copyrights, a situation not present in *Miller Music* or *Ricordi*, it held this difference to be irrelevant. Pet.App. 15-16, 25 n.14. First, it argued that this case is controlled by *Miller Music*'s statement that statutory successors to renewal copyrights take free and clear of all purported assignments of the renewal right. Pet.App. 20 n.8. The majority thus begs the question whether *Miller Music*'s rationale would or should apply to terminate the continued use of a portion of the prior work in an existing derivative work.

Second, the majority below found "unconvincing" the distinction between *Ricordi* (use during renewal never granted by author) and *Rohauer* (use during renewal granted but affected by death of author) "because in both situations there is no *effective* grant."[53] (Emphasis in the original) Pet.App. 22. However, the majority gave no reason why a judicial rule created to implement a general policy of section 24 to give statutory successors a second chance ought to be applied in a way that would disrupt the continued use of a derivative work whose rights arose from sections 7 and 24 of the same Act.[54]

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[53] The majority below inadvertently refers to the "right to make a derivative work", Pet.App. 22, during the renewal term. Petitioners do not claim a right to make new works in the United States.

[54] The majority quoted the dissent in *Mills Music* (1985) as authority that death of the author would render the prior assignment "null". Pet.App. 24. However, Justice White was merely repeating without approving the *broad* interpretation of *Ricordi*, 469 U.S. at 183 n.8; as noted earlier, the dissent pointed out that *Rohauer*'s *narrow* interpretation of *Ricordi* eventually prevailed. 469 U.S. at 183 n.7.

Third, the majority reasoned that the holding in *Miller Music* that an assignment of the entire renewal copyright was unenforceable necessarily includes the lesser right to use the prior work already incorporated into the existing derivative work.[55] Pet.App. 24-25. But the proper distinction between *Miller Music* and this case is not the amount of use claimed but the presence here of an independent derivative work itself having both section 7 and 24 rights. *Rohauer*, 551 F.2d at 490.

In sum, the *Rohauer* result is explainable within the framework of prior precedent: (1) the vesting rule used to effect § 24's second chance policy may be deemed to cause a reversion of all the author's prior grants except the right to continue distribution of a derivative work, or (2) the "new estate" given to the statutory successor may be held not to include the right to prevent continued distribution of a derivative work. Neither view offends the Act's text or history. The only remaining issue is whether such a result satisfies the Act's purposes.

C. The Policy Choices Inherent in the Rohauer Rule Best Reconcile The Purposes of Sections 7 and 24.

Because the *Rohauer* court could find no compelling statutory language or legislative history, nor any impressive record of unanimity among the commentators such as influenced this Court in the *Fred Fisher* case, *supra*, 318 U.S. at 658-59 nn.5-8, it looked to policy considerations and determined that the equities in this situation lie preponderately in favor of the proprietor of the derivative copyright. 551 F.2d at 493-94. The majority below disagreed. Pet.App. 26-31.

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[55] For a second occasion, the majority below misstated petitioners' claim as including "the right to produce a movie version". Pet.App. 25. Petitioners claim a right to continue distribution of the existing Film, not to produce a new Film.

1. The Rohauer Rule Best Accommodates The Renewal Expectancies of Authors of Conflicting Prior and Derivative Works

The "second chance" policy of section 24 is applicable to renewals under both the first and the second proviso, that is, to both the petitioners and the respondent in this case. A rule that foreshortens the copyright terms of the derivative work owner is inconsistent with the purposes of the Act, generally, and section 24, in particular.

2. The Rohauer Rule Does Not Defeat Section 24's "Second Chance" Policy

First, the slight intrusion of the *Rohauer* rule on the prior work's renewal term is reasonable. Under *Rohauer*, all rights granted by the author of the prior work would revert to the author's statutory successor[56] except the right to use portions of the prior work already incorporated into existing derivative works according to the terms of the original grant. Thus, the statutory successor would be free to exploit the original work once again, albeit with the competition of existing derivative works.[57]

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[56] The reversionary effect of the American two-term copyright scheme is not acknowledged under foreign copyright laws because the effect is a product of copyright, not contract, law. *See* 3 M. & D. Nimmer, *Nimmer on Copyright* § 17.10[B][2] (1989). Thus, respondent makes no claim against the use of the Film outside the United States. R. 87: Abend Ans. RFA 116. If the decision below is not reversed, creators-owners of hundreds of American films will be able to show their works without liability everywhere except in the United States.

[57] Since 1971, Abend has received the following return on his $650 investment: $30,000 for rights to remake a film based on the Short Story to be cablecast on Home Box Office, $7,500 plus a royalty on book publishing and several thousand dollars on miscellaneous licenses. R. 92: Abend's Supp. Resp. Int. 2 and Ex. 1045. In fact, Abend timed new print publications of the Short Story to take advantage of publicity generated by the Film's re-release. R. 87: Gethers Depo. 2-3, 7-9, 31, 35-37, 41-45, 58-61, Ex. 1047; R. 80: Ex. 1080.

But the Act contemplated exactly this situation: that the renewal afforded to statutory successors would be a second chance to exploit the "prior work" only; it certainly was not intended as an opportunity to extort additional fees from the owners of new derivative works whose value is largely based on *the new work* produced by a different author.

Second, a derivative copyright owner is not unjustly enriched under *Rohauer*.[58] She may reap only because she has sown. *Cf. International News Service v. Associated Press*, 248 U.S. 215, 239-40 (1918).[59] The majority below thought this could "cut both ways": a derivative work might involve only minimal new matter. Pet.App. 27. But, in such a case, the author can more easily limit the duration of exploitation by contract.[60]

3. A Derivative Work Copyright Owner Cannot Protect Against A Reversion Caused by Death

A derivative work's owner has no effective means to protect itself against the contingency that the prior

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[58] Although the 1982 re-release of the Film generated *gross* revenues to the distributor of $12 million (after the distributor risked $2.4 million in costs), the copyright owners of the Film realized about $3.9 million in the United States. R. 105, ¶ 5, Ex. 3; R. 104, ¶ 3. *See* note 56, *supra*, re income outside the United States.

[59] As Judge Friendly pointed out in *Rohauer*, unlike the situation where an assignee or licensee (as in *Miller Music*) has done nothing more than print, publicize or distribute a musical composition, a story, or a novel, a person who, with the consent of the author, has created a derivative work such as an opera or a motion picture will often have made literary, musical and economic contributions as great as or greater than the prior author's. 551 F.2d at 493. *See* notes 11-12, *supra*.

[60] Under the 1976 Act's derivative work's exception to statutory terminations, *all* derivative works are entitled to continued use according to the terms of the original grant. 17 U.S.C. §§ 203(b)(1) & 304(c)(6)(A).

work's author will die before renewal. There is no way of telling who will be the surviving widow, children, next of kin or executor until that date arrives. *Rohauer*, 551 F.2d at 493-94. The majority below mistakenly thought that *Miller Music* "apparently rejected" that concern. The majority also predicted that statutory successors and derivative work owners will likely reach a "mutually beneficial financial arrangement" to ensure continued public access to derivative works.[61] Pet.App. 27 n.15. Apparently having no faith in its prediction, the majority below created a special rule for this case exempting "classic films" from injunctive relief, thus casting courts in the role of film critics and social arbiters. *But see Bleistein v. Donaldson Lithography Co.*, 188 U.S. 239, 251-52 (1903) (copyright protection does not depend on artistic merit).

The majority below seemed comfortable to treat petitioners as infringers, even though their film was lawfully made, forcing them to disgorge profits attributable to the infringement, trivializing the harsh effect of section 504 that puts on the infringer the burden of proving (at the peril of paying up to 100% of its profits) what portion of gross revenues is not attributable to the infringement. 17 U.S.C. § 504(b). Of course, an "infringer" is also subject to liability for statutory damages and attorneys' fees, and must bear the risk of imprecise damage calculations. 17 U.S.C. §§ 504(c), 505; 3 *Nimmer*, § 14.02[A] n.21.

Because the statutory successor's threatened right to injunctive relief or seizure of the defendants' profits will chill the use of lawful copyrights, instead of "mutually beneficial" arrangements, the more likely prospect is that any resulting agreements will impose an unfair "tax" on derivative work copyrights (measured by the value

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[61] This prediction is belied by the record in this case. Although petitioners offered a $2,500 fee to Abend after the *Rohauer* decision (four times what Abend paid for his rights), Abend demanded 50% of the gross proceeds (in excess of promotion expenses) from any re-release of the Film. R. 73, ¶ 7; R. 75, ¶ 6; R. 87: Ex. 1068; Abend Depo. 77-81; Abend Ans. RFA 93-94.

of the new work) or that public access will be defeated entirely. *Fox Film Corp. v. Doyal*, 286 U.S. 123, 127 (1932) (a copyright owner may arbitrarily refuse to license). The decision below would only attract and benefit the speculators that caused Congress to enact section 203. H.R. Rep. 94-1476, *supra*, at 127.[62]

4. A Prior Work's Author Can Protect by Contract Against Unwanted Future Competition from a Derivative Work

An author can protect his or her heirs against unwanted competition from a derivative work by imposing a contractual limit on the use of the prior work in the new work during the prior work's renewal term. *Rohauer*, 551 F.2d at 493-494; *see Fitch v. Shubert*, *supra*; *Ricordi*, *supra*.

5. The Majority's Ruling Below Discourages Future Use of Pre-1978 Works

An author whose pre-1978 work is due to be renewed in 5-10 years may not find anyone willing to use it in a new derivative work if the right to continue use of the latter work may be suspended.[63]

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[62] Respondent Abend, a "literary researcher", has determined that at least 600 films pose the same "reversion" issue as the instant case. He has acquired at least 100 renewal copyrights underlying such films for himself and clients. R. 87: Abend Depo. 10-11, 22-24. Mr. Rohauer owned renewals underlying at least 200 films. R. 92: United Artists Amicus Brief in *Rohauer*, at 23. All other similarly situated derivative works that incorporate portions of prior works will be affected, *e.g.*, television programs, plays, books, musical albums, computer programs. Abend's counsel predicted that hundreds of suits would result from the majority opinion below. *See, e.g.*, Daily Variety, Dec. 28, 1988, at p.2, col. 1; Los Angeles Daily J., Dec. 28, 1988, p.1.

[63] Because the 1976 Copyright Act continued the two-term scheme for works copyrighted prior to January 1, 1978, 17

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6. The Rohauer Rule Does Not Overlook Section 24 Policies

The majority opinion below, Pet.App. 28, accused *Rohauer* of overlooking section 24 policies that "favor the author." But Section 24's "second chance" policy favors *all authors*, whether of a derivative work or a prior work.[64] The majority's rule absurdly "favors" an author only if the author dies prematurely.[65]

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U.S.C. § 304(a), the effect of the majority opinion below would be to warn potential users of pre-1978 works that they acquire rights at their peril at least until the year 2005, the last year in which all pre-1978 works will either have been renewed or lapsed for failure to renew. This veto power will exist for at least the first 28 years of renewal (for some works, until the year 2033); constitutional considerations may prohibit such a veto during the additional 19-year period tacked on by the 1976 Act. 17 U.S.C. § 304(a). *See* Time Line, App. 25. 1 *Nimmer*, § 1.11; *Roth v. Pritikin*, 710 F.2d 934, 939 (2d Cir.), *cert. denied*, 464 U.S. 961 (1983).

[64] The majority's criticism of *Rohauer* because it did not discuss the "compulsory family bequest" function of section 24 is inapt. First, the family of a derivative work's author has the same right to protection. Second, when a renewal vests in an executor, an author is not "compelled" to leave the renewal to his family.

[65] Although the majority argues that its ruling is supported by Woolrich's supposed failure to foresee and to reap the benefits of new technology, Pet.App. 28, the beneficiary of technological advances is determined by the terms of the original grant. *See Cohen v. Paramount Pictures Corp.*, 845 F.2d 851, 855 (9th Cir. 1988). Here, Woolrich's 1945 assignment expressly granted petitioners' predecessors the right to unlimited theatrical and television exhibitions and the benefits of all future technology for any film made under the grant. R. 87, Ex. 1004, ¶ 3, printed in Pet.App. 78, ¶ 3. This issue was specially briefed in the court below. *See* J.A. 8.

D. The 1976 Act, to the Extent it has Relevance, Supports the Rohauer Rule

1. The Policies Implicit in the Derivative Works Exception To the New Statutory Termination Right Reinforce the Rohauer Rule

The *Rohauer* court referred to the derivative works exception to the new statutory termination provisions of the 1976 Act, discussed at 3-4, *supra*, as "recognition" of the policy considerations relied upon in *Rohauer* for its rule. 551 F.2d at 494. The *Rohauer* Court agreed that provisions of the new Act could not vary the 1909 Act if that Act were clear, but thought the new Act provided an apt model to solve a problem that existed because judicial *dicta* rendered in earlier cases was inapposite to the situation in *Rohauer*. 551 F.2d at 494. The majority below disagreed with this approach. Pet.App. 30.

2. Congress, in Enacting the 1976 Act, Did Not Intend to Foreclose the Solution Reached by the Rohauer Court the Following Year

The majority below thought it saw a legislative intent in the 1976 Act to reject the *Rohauer* solution. Pet.App. 30-31. As to works in existence on January 1, 1978, the 1976 Act tacked on a 19-year extension to renewal terms, subject to the right of the authors at the end of the 28th year of their renewal terms to terminate any grants or licenses – subject further to the derivative works exception. The majority below thus concluded that *Rohauer* did "what Congress declined to do – apply the termination exception retroactively to the 28-year renewal period." Pet.App. 30. The majority thought it could "reasonably presume that Congress knew of [the] prevailing view [of commentators who argued for the broad interpretation of *Ricordi*] when it enacted the 1976 Act and chose not to alter the balance." Pet.App. 31.

Ordinarily, when Congress acts, its silence is just that, silence. *Reid*, 57 U.S.L.W. at 4611. Here, however, reliance by the majority below on legislative silence is particularly misplaced. *Id.* at 4611-12. The legislative history expressly shows that Congress' intent was only to incorporate the *ambiguities* of the 1909 Act renewal section into the renewal provisions of the 1976 Act. From the outset of the revision effort, the Register of Copyright lamented that existing renewal law was ambiguous, but he consistently recommended that it was better to continue the ambiguity of the renewal system for existing copyrights than to upset existing contractual arrangements.[66] The 1976 House Report merely echoed the Register's advice. H.R. Rep. 94-1476, *supra*, at 139.

In sum, the purposes and policies of sections 7 and 24 are best accommodated by the *Rohauer* rule, not by the majority's decision below.

II. APPLICATION OF THE FAIR USE DOCTRINE IS A REASONABLE SOLUTION TO AVOID AN UNINTENDED RESULT INCONSISTENT WITH THE PURPOSES OF THE COPYRIGHT ACTS

Even if this Court concludes that section 24, as construed by *Miller Music*, operates as a technical impediment to the *Rohauer* result, the *Rohauer* result may properly be reached under the "fair use" doctrine codified by section 107 of the 1976 Act.[67]

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[66] Report of the Register of Copyrights on the General Revision of the U.S. Copyright Law, 87th Cong., 1st Sess. (H. Jud. Comm. Print 1961), at 57; *Register's 1965 Supplementary Report*, *supra* note 25, at 94 ("this means perpetuating the complexities, uncertainties, and ambiguities of the renewal section for another 28 years").

[67] Section 107 identifies four factors that are neither exclusive nor conclusive:

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The court of appeals rejected the fair use defense, reversing the summary judgment on this ground, primarily because of its finding on the fourth factor of section 107. Based on a misunderstanding of remarks by petitioners' counsel at oral argument,[68] the panel concluded that the Film's 1983 re-release caused a cable television programmer, Home Box Office, to abandon a project to make a new television version of the Short Story under license from respondent Abend. Pet.App. 40.[69]

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(1) the purpose and character of the use, including whether such use is of a commercial nature or is for nonprofit educational purposes;

(2) the nature of the copyrighted work;

(3) the amount and substantiality of the portion used in relation to the copyrighted work as a whole; and

(4) the effect of the use upon the potential market for or value of the copyrighted work.

[68] The Ninth Circuit regularly tape records oral argument. Ninth Circuit R. 34-4. Petitioners' counsel has obtained a copy of the recorded argument below. The portion of the argument apparently relied upon by the court below is reprinted at Pet.App. 85.

[69] The sole and uncontradicted evidence, from an HBO executive's deposition, was that the project "fizzled" not because of the Film's re-release, but because the HBO script "wasn't very good" and "it's very hard to cast a remake of a classic film." HBO's executive expressly testified that the lawful "existence" of the Film, not its disputed "re-release" caused the casting problem. R.92: Potter Depo. 21-25, reprinted in J.A. 21-25. Counsel's comments at the Ninth Circuit hearing merely invited the panel to compare the very material differences between the Short Story and the Film to appreciate why HBO's script (based solely on the Short Story) could never be "very good" without using the "new matter" added by the Film, *e.g.*, the Grace Kelly character and love interest. Hitchcock credited Woolrich for only about 20 percent of the Film's *story*. Note 11,

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Even if there were evidence that the re-release of the Film had an adverse impact on new versions of the Short Story, the fair use defense is still available. The same 1976 Congress that codified the "fair use" doctrine under section 107 also determined that the derivative-works exception to the statutory "second chance" termination provisions of sections 203 and 304 reflected "a practical compromise that will further the objectives of the copyright law while recognizing the problems and legitimate needs of all interests involved." H.R. 94-1476, 94th Cong., 2d Sess., at 124 (1976).[70] Application of the fair-use doctrine to reach the same result under the "second chance" policy of § 24 would be consistent with the purposes of the 1976 Congress.[71]

But even more fundamentally, the majority below overlooked that the statutory "fair use" factors are neither exclusive nor conclusive, but intended to help focus attention on the overall fairness of the use based on an "equitable rule of reason". *Harper & Row Publishers, Inc. v. Nation Enterprises*, 471 U.S. 539, 549 n.3, 560 (1985). The

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supra. In light of the uncontradicted evidence, no contrary "admission" was likely or actually made. This Court is "loath to attach conclusive weight to the relatively spontaneous responses of counsel to equally spontaneous questioning. . . during oral argument." *Moose Lodge No. 107 v. Irvis*, 407 U.S. 163, 170 (1972).

[70] The statutory derivative-works exception applies to *all* derivative works and applies without regard to the possible adverse competitive impact that continued use of the derivative work might have on new versions of the prior work authorized by the prior work's author or that author's statutory successor. *Mills Music*, 469 U.S. at 173.

[71] The infringement action here arises from conduct occurring after January 1, 1978 and is thus governed by the 1976 Copyright Act. *See* Transitional and Supplementary Provision § 112, Pub.L. No. 94-553, 90 Stat. 2541 (1976).

majority acknowledged the "compelling equitable considerations" favoring the Film, Pet.App. 31, but failed to draw the appropriate legal conclusion.

Additionally, the defense is said to be based on the fiction of "implied consent"[72] and is often applied to avoid rigid applications of the Copyright Act that occasionally stifle desired creativity. *Id.*, at 550-551 & n.3. Here, the consent by the author, Woolrich, was actual not implied. Any other conclusion assumes that an author grants renewal rights with the hope that his death will occur soon enough to defeat the grant. That consent would be thwarted, if at all, only by Woolrich's untimely death and by a rigid application of section 24 that would defeat the very copyright creativity intended by sections 7 and 24.

Recognition of the fair use defense here would accomplish an equitable result that encourages authorship of new derivative works without discouraging the authorship of prior works.

III. CONCLUSION

The judgment of the court of appeals should be reversed with instructions to affirm the district court's summary judgment of dismissal.

November 16, 1989

Respectfully submitted,

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Attorneys for Petitioners

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[72] This Court has stated that the ultimate fair use issue is whether allowing defendants' use will discourage authors from making new works. *See Harper & Row*, 471 U.S. at 546; *Sony Corp. v. Universal City Studios, Inc.*, 464 U.S. 417, 429 & n. 10 (1984).

APPENDIX

CONSTITUTIONAL PROVISIONS AND STATUTES INVOLVED

THE CONSTITUTION OF THE UNITED STATES

Article I, section 8 of the Constitution provides that:

The Congress shall have Power . . . To promote the Progress of Science and useful Arts, by securing for limited Times to Authors and Inventors the exclusive Right to their respective Writings and Discoveries.

The First Amendment to the Constitution provides that:

Congress shall make no law respecting an establishment of religion, or prohibiting the free exercise thereof; or abridging the freedom of speech, or of the press; or the right of the people peaceably to assemble, and to petition the Government for a redress of grievances.

THE COPYRIGHT ACT OF 1909

Sec. 1. Exclusive rights as to copyrighted works

Any person entitled thereto, upon complying with the provisions of this title, shall have the exclusive right:

(a) To print, reprint, publish, copy, and vend the copyrighted work;

(b) To translate the copyrighted work into other languages or dialects, or make any other version thereof,

if it be a literary work; to dramatize it if it be a nondramatic work; to convert it into a novel or other nondramatic work if it be a drama; to arrange or adapt it if it be a musical work; to complete, execute, and finish it if it be a model or design for a work of art;

(c) To deliver, authorize the delivery of, read, or present the copyrighted work in public for profit if it be a lecture, sermon, address or similar production, or other nondramatic literary work; to make or procure the making of any transcription or record thereof by or from which, in whole or in part, it may in any manner or by any method be exhibited, delivered, presented, produced, or reproduced; and to play or perform it in public for profit, and to exhibit, represent, produce, or reproduce it in any manner or by any method whatsoever. The damages for the infringement by broadcast of any work referred to in this subsection shall not exceed the sum of $100 where the infringing broadcaster shows that he was not aware that he was infringing and that such infringement could not have been reasonably foreseen; and

(d) To perform or represent the copyrighted work publicly if it be a drama or, if it be a dramatic work and not reproduced in copies for sale, to vend any manuscript or any record whatsoever thereof; to make or to procure the making of any transcription or record thereof by or from which, in whole or in part, it may in any manner or by any method be exhibited, performed, represented, produced, or reproduced; and to exhibit, perform, represent, produce, or reproduce it in any manner or by any method whatsoever; and

(e) To perform the copyrighted work publicly for profit if it be a musical composition; and for the purpose of public performance for profit, and for the purposes set forth in subsection (a) hereof, to make any arrangement or setting of it or of the melody of it in any system of notation or any form of record in which the thought of an author may be recorded and from which it may be read or reproduced: *Provided*, That the provisions of this title, so far as they secure copyright controlling the parts of instruments serving to reproduce mechanically the musical work, shall include only compositions published and copyrighted after July 1, 1909, and shall not include the works of a foreign author or composer unless the foreign state or nation of which such author or composer is a citizen or subject grants, either by treaty, convention, agreement, or law, to citizens of the United States similar rights . . . .

Sec. 5. Classification of works for registration

The application for registration shall specify to which of the following classes the work in which copyright is claimed belongs:

(a) Books, including composite and cyclopedic works, directories, gazetteers, and other compilations.

(b) Periodicals, including newspapers.

(c) Lectures, sermons, addresses (prepared for oral delivery).

(d) Dramatic or dramatico-musical compositions.

(e) Musical compositions.

(f) Maps.

(g) Works of art; models or designs for works of art.

(h) Reproductions of a work of art.

(i) Drawings or plastic works of a scientific or technical character.

(j) Photographs.

(k) Prints and pictorial illustrations including prints or labels used for articles of merchandise.

(l) Motion-picture photoplays.

(m) Motion pictures other than photoplays.

The above specifications shall not be held to limit the subject matter of copyright as defined in section 4 of this title, nor shall any error in classification invalidate or impair the copyright protection secured under this title.

Sec. 7. Copyright on Compilations of Works in Public Domain or of Copyrighted Works; Subsisting Copyrights Not Affected

Compilations or abridgments, adaptations, arrangements, dramatizations, translations, or other versions of works in the public domain or of copyrighted works when produced with the consent of the proprietor of the copyright in such works, or works republished with new matter, shall be regarded as new works subject to copyright under the provisions of this title; but the publication

of any such new works shall not affect the force or validity of any subsisting copyright upon the matter employed or any part thereof, or be construed to imply an exclusive right to such use of the original works, or to secure or extend copyright in such original works.

Sec. 24. Duration; Renewal and Extension

The copyright secured by this title shall endure for twenty-eight years from the date of first publication, whether the copyrighted work bears the author's true name or is published anonymously or under an assumed name: *Provided*, That in the case of any posthumous work or of any periodical, cyclopedic, or other composite work upon which the copyright was originally secured by the proprietor thereof, or of any work copyrighted by a corporate body (otherwise than as assignee or licensee of the individual author) or by an employer for whom such work is made for hire, the proprietor of such copyright shall be entitled to a renewal and extension of the copyright in such work for the further term of twenty-eight years when application for such renewal and extension shall have been made to the copyright office and duly registered therein within one year prior to the expiration of the original term of copyright: *And provided further*, That in the case of any other copyrighted work, including a contribution by an individual author to a periodical or to a cyclopedic or other composite work, the author of such work, if still living, or the widow, widower, or children of the author, if the author be not living, or if such author, widow, widower, or children be not living,

then the author's executors, or in the absence of a will, his next of kin shall be entitled to a renewal and extension of the copyright in such work for a further term of twenty-eight years when application for such renewal and extension shall have been made to the copyright office and duly registered therein within one year prior to the expiration of the original term of copyright: *And provided further,* That in default of the registration of such application for renewal and extension, the copyright in any work shall determine at the expiration of twenty-eight years from first publication.

Sec. 28. Assignments and bequests

Copyright secured under this title or previous copyright laws of the United States may be assigned, granted, or mortgaged by an instrument in writing signed by the proprietor of the copyright, or may be bequeathed by will.

THE COPYRIGHT ACT OF 1976

Sec. 103. Subject Matter of Copyright: Compilations and Derivative Works

(a) The subject matter of copyright as specified by section 102 includes compilations and derivative works, but protection for a work employing preexisting material in which copyright subsists does not extend to any part of the work in which such material has been used unlawfully.

(b) The copyright in a compilation or derivative work extends only to the material contributed by the author of such work, as distinguished from the preexisting material employed in the work, and does not imply any exclusive right in the preexisting material. The copyright in such work is independent of, and does not affect or enlarge the scope, duration, ownership, or subsistence of, any copyright protection in the preexisting material.

Sec. 106. Exclusive rights in copyrighted works

Subject to sections 107 through 118, the owner of copyright under this title has the exclusive rights to do and to authorize any of the following:

(1) to reproduce the copyrighted work in copies or phonorecords;

(2) to prepare derivative works based upon the copyrighted work;

(3) to distribute copies or phonorecords of the copyrighted work to the public by sale or other transfer of ownership, or by rental, lease, or lending;

(4) in the case of literary, musical, dramatic, and choreographic works, pantomimes, and motion pictures and other audiovisual works, to perform the copyrighted work publicly; and

(5) in the case of literary, music, dramatic, and choreographic works, pantomimes, and pictorial, graphic, or sculptural works, including the individual images of a motion picture or other audiovisual work, to display the copyrighted work publicly.

Sec. 107. Limitations on Exclusive Rights: Fair Use

Notwithstanding the provisions of section 106, the fair use of a copyrighted work, including such use by reproduction in copies or phonorecords or by any other means specified by that section, for purposes such as criticism, comment, news reporting, teaching (including multiple copies for classroom use), scholarship, or research, is not an infringement of copyright. In determining whether the use made of a work in any particular case is a fair use the factors to be considered shall include –

(1) the purpose and character of the use, including whether such use is of a commercial nature or is for nonprofit educational purposes;

(2) the nature of the copyrighted work;

(3) the amount and substantiality of the portion used in relation to the copyrighted work as a whole; and

(4) The effect of the use upon the potential market for or value of the copyrighted work.

. . . .

Sec. 203. Termination of Transfers and Licenses Granted by the Author

(a) Conditions for Termination: In the case of any work other than a work made for hire, the exclusive or nonexclusive grant of a transfer or license of copyright or of any right under a copyright, executed by the author on or after January 1, 1978, otherwise than by will, is subject to termination under the following conditions:

(1) In the case of a grant executed by one author, termination of the grant may be effected by that author or, if the author is dead, by the person or persons who, under clause (2) of this subsection, own and are entitled to exercise a total of more than one-half of that author's termination interest. In the case of a grant executed by two or more authors of a joint work, termination of the grant may be effected by a majority of the authors who executed it; if any of such authors is dead, the termination interest of any such author may be exercised as a unit by the person or persons who, under clause (2) of this subsection, own and are entitled to exercise a total of more than one-half of that author's interest.

(2) Where an author is dead, his or her termination interest is owned, and may be exercised, by his widow or her widower and his or her children or grandchildren as follows:

(A) the widow or widower owns the author's entire termination interest unless there are any surviving children or grandchildren of the author, in which case the widow or widower owns one-half of the author's interest;

(B) the author's surviving children, and the surviving children of any dead child of the author, own the author's entire termination interest unless there is a widow or widower, in which case the ownership of one-half of the author's interest is divided among them;

(C) the rights of the author's children and grandchildren are in all cases divided among them and exercised on a per stirpes basis according to the number of

such author's children represented; the share of the children of a dead child in a termination interest can be exercised only by the action of a majority of them.

(3) Termination of the grant may be effected at any time during a period of five years beginning at the end of thirty-five years from the date of execution of the grant; or, if the grant covers the right of publication of the work, the period begins at the end of thirty-five years from the date of publication of the work under the grant or at the end of forty years from the date of execution of the grant, whichever term ends earlier.

(4) The termination shall be effected by serving an advance notice in writing, signed by the number and proportion of owners of termination interests required under clauses (1) and (2) of this subsection, or by their duly authorized agents, upon the grantee or the grantee's successor in title.

(A) The notice shall state the effective date of the termination, which shall fall within the five-year period specified by clause (3) of this subsection, and the notice shall be served not less than two or more than ten years before that date. A copy of the notice shall be recorded in the Copyright Office before the effective date of termination, as a condition to its taking effect.

(B) The notice shall comply, in form, content, and manner of service, with requirements that the Register of Copyrights shall prescribe by regulation.

(5) Termination of the grant may be effected notwithstanding any agreement to the contrary, including an agreement to make a will or to make any future grant.

(b) Effect of Termination. Upon the effective date of termination, all rights under this title that were covered by the terminated grants revert to the author, authors, and other persons owning termination interests under clauses (1) and (2) of subsection (a), including those owners who did not join in signing the notice of termination under clause (4) of subsection (a), but with the following limitations:

(1) A derivative work prepared under authority of the grant before its termination may continue to be utilized under the terms of the grant after its termination, but this privilege does not extend to the preparation after the termination of other derivative works based upon the copyrighted work covered by the terminated grant.

(2) The future rights that will revert upon termination of the grant become vested on the date the notice of termination has been served as provided by clause (4) of subsection (a). The rights vest in the author, authors, and other persons named in, and in the proportionate shares provided by, clauses (1) and (2) of subsection (a).

(3) Subject to the provisions of clause (4) of this subsection, a further grant, or agreement to make a further grant, of any right covered by a terminated grant is valid only if it is signed by the same number and proportion of the owners, in whom the right has vested under clause (2) of this subsection, as are required to terminate the grant under clauses (1) and (2) of subsection (a). Such

further grant or agreements is effective with respect to all of the persons in whom the right it covers has vested under clause (2) of this subsection, including those who did not join in signing it. If any person dies after rights under a terminated grant have vested in him or her, that person's legal representatives, legatees, or heirs at law represent him or her for purposes of this clause.

(4) A further grant, or agreement to make a further grant, of any right covered by a terminated grant is valid only if it is made after the effective date of the termination. As an exception, however, an agreement for such a further grant may be made between the persons provided by clause (3) of this subsection and the original grantee or such grantee's successor in title, after the notice of termination has been served as provided by clause (4) of subsection (a).

(5) Termination of a grant under this section affects only those rights covered by the grants that arise under this title, and in no way affects rights arising under any other Federal, State, or foreign laws.

(6) Unless and until termination is effected under this section, the grant, if it does not provide otherwise, continues in effect for the term of copyright provided by this title.

Sec. 302. Duration of Copyright: Works Created on or after January 1, 1978

(a) In General. Copyright in a work created on or after January 1, 1978, subsists from its creation and, except as provided by the following subsections, endures

for a term consisting of the life of the author and fifty years after the author's death.

(b) Joint Works. In the case of a joint work prepared by two or more authors who did not work for hire; the copyright endures for a term consisting of the life of the last surviving author and fifty years after such last surviving author's death.

(c) Anonymous Works, Pseudonymous Works, and Works Made for Hire. In the case of an anonymous work, a pseudonymous work or a work made for hire, the copyright endures for a term of seventy-five years from the year of its first publication, or a term of one hundred years from the year of its creation, whichever expires first. If, before the end of such term, the identity of one or more of the authors of an anonymous or pseudonymous work is revealed in the records of a registration made for that work under subsections (a) or (d) of section 408, or in the records provided by this subsection, the copyright in the work endures for the term specified by subsection (a) or (b), based on the life of the authors or authors whose identity has been revealed. Any person having an interest in the copyright in an anonymous or pseudonymous work may at any time record, in records to be maintained by the Copyright Office for that purpose, a statement identifying one or more authors of the work; the statement shall also identify the person filing it, the nature of that person's interest, the source of the information recorded, and the particular work affected, and shall comply in form and content with requirements that the Register of Copyrights shall prescribe by regulation.

(d) Records Relating to Death of Authors. Any person having an interest in a copyright may at any time record in the Copyright Office a statement of the date of death of the author of the copyrighted work, or a statement that the author is still living on a particular date. The statement shall identify the person filing it, the nature of that person's interest, and the source of the information recorded, and shall comply in form and content with requirements that the Register of Copyrights shall prescribe by regulation. The Register shall maintain current records of information relating to the death of authors of copyrighted works, based on such recorded statements and, to the extent the Register considers practicable, on data contained in any of the records of the Copyright Office or in other reference sources.

(e) Presumption as to Author's Death. After a period of seventy-five years from the year of first publication of a work, or a period of one hundred years from the year of its creation, whichever expires first, any person who obtains from the Copyright Office a certified report that the records provided by subsection (d) disclose nothing to indicate that the author of the work is living, or died less than fifty years before, is entitled to the benefit of a presumption that the author has been dead for at least fifty years. Reliance in good faith upon this presumption shall be a complete defense to any action for infringement under this title.

Sec. 304. Duration of Copyright: Subsisting Copyrights

(a) Copyrights in Their First Term on January 1, 1978. Any copyright, the first term of which is subsisting on January 1, 1978, shall endure for twenty-eight years from the date it was originally secured: *Provided*, That in the case of any posthumous work or of any periodical, cyclopedic, or other composite work upon which the copyright was originally secured by the proprietor thereof, or of any work copyrighted by a corporate body (otherwise than as assignee or licensee of the individual author) or by an employer for whom such work is made for hire, the proprietor of such copyright shall be entitled to a renewal and extension of the copyright in such work for the further term of forty-seven years when application for such renewal and extension shall have been made to the Copyright Office and duly registered therein within one year prior to the expiration of the original term of copyright: *And provided further*, That in the case of any other copyrighted work, including a contribution by an individual author to a periodical or to a cyclopedic or other composite work, the author of such work, if still living, or the widow, widower, or children of the author, if the author be not living, or if such author, widow, widower, or children be not living, then the author's executors, or in the absence of a will, his or her next of kin shall be entitled to a renewal and extension of the copyright in such work for a further term of forty-seven years when application for such renewal and extension shall have been made to the Copyright Office and duly registered therein within one year prior to the expiration of the original term of copyright: *And provided further*,

That in default of the registration of such application for renewal and extension, the copyright in any work shall terminate at the expiration of twenty-eight years from the date copyright was originally secured.

(b) Copyrights in Their Renewal Term or Registered for Renewal Before January 1, 1978. The duration of any copyright, the renewal term of which is subsisting at any time between December 31, 1976, and December 31, 1977, inclusive, or for which renewal registration is made between December 31, 1976, and December 31, 1977, inclusive, is extended to endure for a term of seventy-five years from the date copyright was originally secured.

(c) Termination of Transfers and Licenses Covering Extended Renewal Term. In the case of any copyright subsisting in either its first or renewal term on January 1, 1978, other than a copyright in a work made for hire, the exclusive or nonexclusive grant of a transfer or license of the renewal copyright or any right under it, executed before January 1, 1978, by any of the persons designated by the second proviso of subsection (a) of this section, otherwise than by will, is subject to termination under the following conditions:

(1) In the case of a grant executed by a person or persons other than the author, termination of the grant may be effected by the surviving person or persons who executed it. In the case of a grant executed by one or more of the authors of the work, termination of the grant may be effected, to the extent of a particular author's share in the ownership of the renewal copyright, by the

author who executed it or, if such author is dead, by the person or persons who, under clause (2) of this subsection, own and are entitled to exercise a total of more than one-half of that author's termination interest.

(2) Where an author is dead, his or her termination interest is owned, and may be exercised, by his widow or her widower and his or her children or grandchildren as follows:

(A) the widow or widower owns the author's entire termination interest unless there are any surviving children or grandchildren of the author, in which case the widow or widower owns one-half of the author's interest;

(B) the author's surviving children and the surviving children of any dead child of the author, own the author's entire termination interest unless there is a widow or widower, in which case the ownership of one-half of the author's interest is divided among them;

(C) the rights of the author's children and grandchildren are in all cases divided among them and exercised on a per stirpes basis according to the number of such author's children represented; the share of the children of a dead child in a termination interest can be exercised only by the action of a majority of them.

(3) Termination of the grant may be effected at any time during a period of five years beginning at the end of fifty-six years from the date copyright was originally secured, or beginning on January 1, 1978, whichever is later.

(4) The termination shall be effected by serving an advance notice in writing upon the grantee or the grantee's successor in title. In the case of a grant executed by a person or persons other than the author, the notice shall be signed by all of those entitled to terminate the grant under clause (1) of this subsection, or by their duly authorized agents. In the case of a grant executed by one or more of the authors of the work, the notice as to any one author's share shall be signed by that author or his or her duly authorized agent or, if that author is dead, by the number and proportion of the owners of his or her termination interest required under clauses (1) and (2) of this subsection, or by their duly authorized agents.

(A) The notice shall state the effective date of the termination, which shall fall within the five-year period specified by clause (3) of this subsection, and the notice shall be served not less than two or more than ten years before that date. A copy of the notice shall be recorded in the Copyright Office before the effective date of termination, as a condition to its taking effect.

(B) The notice shall comply, in form, content, and manner of service, with requirements that the Register of Copyrights shall prescribe by regulation.

(5) Termination of the grant may be effected notwithstanding any agreement to the contrary, including an agreement to make a will or to make any future grant.

(6) In the case of a grant executed by a person or persons other than the author, all rights under this title that were covered by the terminated grant revert, upon the effective date of termination, to all of those entitled to

terminate the grant under clause (1) of this subsection. In the case of a grant executed by one or more of the authors of the work, all of a particular author's rights under this title that were covered by the terminated grant revert, upon the effective date of termination, to that author or, if that author is dead, to the persons owning his or her termination interest under clause (2) of this subsection, including those owners who did not join in signing the notice of termination under clause (4) of this subsection. In all cases the reversion of rights is subject to the following limitations:

(A) A derivative work prepared under authority of the grant before its termination may continue to be utilized under the terms of the grant after its termination, but this privilege does not extend to the preparation after the termination of other derivative works based upon the copyrighted work covered by the terminated grant.

(B) The future rights that will revert upon termination of the grant become vested on the date the notice of termination has been served as provided by clause (4) of this subsection.

(C) Where the author's rights revert to two or more persons under clause (2) of this subsection, they shall vest in those persons in the proportionate shares provided by that clause. In such a case, and subject to the provisions of subclause (D) of this clause, a further grant, or agreement to make a further grant, of a particular author's share with respect to any right covered by a terminated grant is valid only if it is signed by the same number and proportion of the owners, in whom the right

has vested under this clause, as are required to terminate the grant under clause (2) of this subsection. Such further grant or agreement is effective with respect to all of the persons in whom the right it covers has vested under this subclause, including those who did not join in signing it. If any person dies after rights under a terminated grant have vested in him or her, that person's legal representatives, legatees, or heirs at law represent him or her for purposes of this subclause.

(D) A further grant, or agreement to make a further grant, of any right covered by a terminated grant is valid only if it is made after the effective date of the termination. As an exception, however, an agreement for such a further grant may be made between the author or any of the persons provided by the first sentence of clause (6) of this subsection, or between the persons provided by subclause (c) of this clause, and the original grantee or such grantee's successor in title, after the notice of termination has been served as provided by clause (4) of this subsection.

(E) Termination of a grant under this subsection affects only those rights covered by the grant that arise under this title, and in no way affects rights arising under any other Federal, State, or foreign laws.

(F) Unless and until termination is effected under this subsection, the grant, if it does not provide otherwise, continues in effect for the remainder of the extended renewal term.

. . . .

Sec. 502. Remedies for infringement: Injunctions

(a) Any court having jurisdiction of a civil action arising under this title may, subject to the provisions of section 1498 of title 28, grant temporary and final injunctions on such terms as it may deem reasonable to prevent or restrain infringement of a copyright.

(b) Any such injunction may be served anywhere in the United States on the person enjoined; it shall be operative throughout the United States and shall be enforceable, by proceedings in contempt or otherwise, by any United States court having jurisdiction of that person. The clerk of the court granting the injunction shall, when requested by any other court in which enforcement of the injunction is sought, transmit promptly to the other court a certified copy of all the papers in the case on file in such clerk's office.

Sec. 503. Remedies for infringement: Impounding and disposition of infringing articles

(a) At any time while an action under this title is pending, the court may order the impounding, on such terms as it may deem reasonable, of all copies or phonorecords claimed to have been made or used in violation of the copyright owner's exclusive rights, and of all plates, molds, matrices, masters, tapes, film negatives, or other articles by means of which such copies or phonorecords may be reproduced.

(b) As part of a final judgment or decree, the court may order the destruction or other reasonable disposition of all copies or phonorecords found to have been made or used in violation of the copyright owner's exclusive rights, and of all plates, molds, matrices, masters, tapes, film negatives, or other articles by means of which such copies or phonorecords may be reproduced.

Sec. 504. Remedies for Infringement: Damages and Profits

(a) In General. Except as otherwise provided by this title, an infringer of copyright is liable for either –

(1) the copyright owner's actual damages and any additional profits of the infringer, as provided by subsection (b); or

(2) statutory damages, as provided by subsection (c).

(b) Actual Damages and Profits. The copyright owner is entitled to recover the actual damages suffered by him or her as a result of the infringement, and any profits of the infringer that are attributable to the infringement and are not taken into account in computing the actual damages. In establishing the infringer's profits, the copyright owner is required to present proof only of the infringer's gross revenue, and the infringer is required to prove his or her deductible expenses and the elements of profit attributable to factors other than the copyrighted work.

(c) Statutory Damages.

(1) Except as provided by clause (2) of this subsection, the copyright owner may elect, at any time before final judgment is rendered, to recover, instead of actual damages and profits, an award of statutory damages for all infringements involved in the action, with respect to any one work, for which any one infringer is liable individually, or for which any two or more infringers are liable jointly and severally, in a sum of not less than $250 or more than $10,000 as the court considers just. For the purposes of this subsection, all the parts of a compilation or derivative work constitute one work.

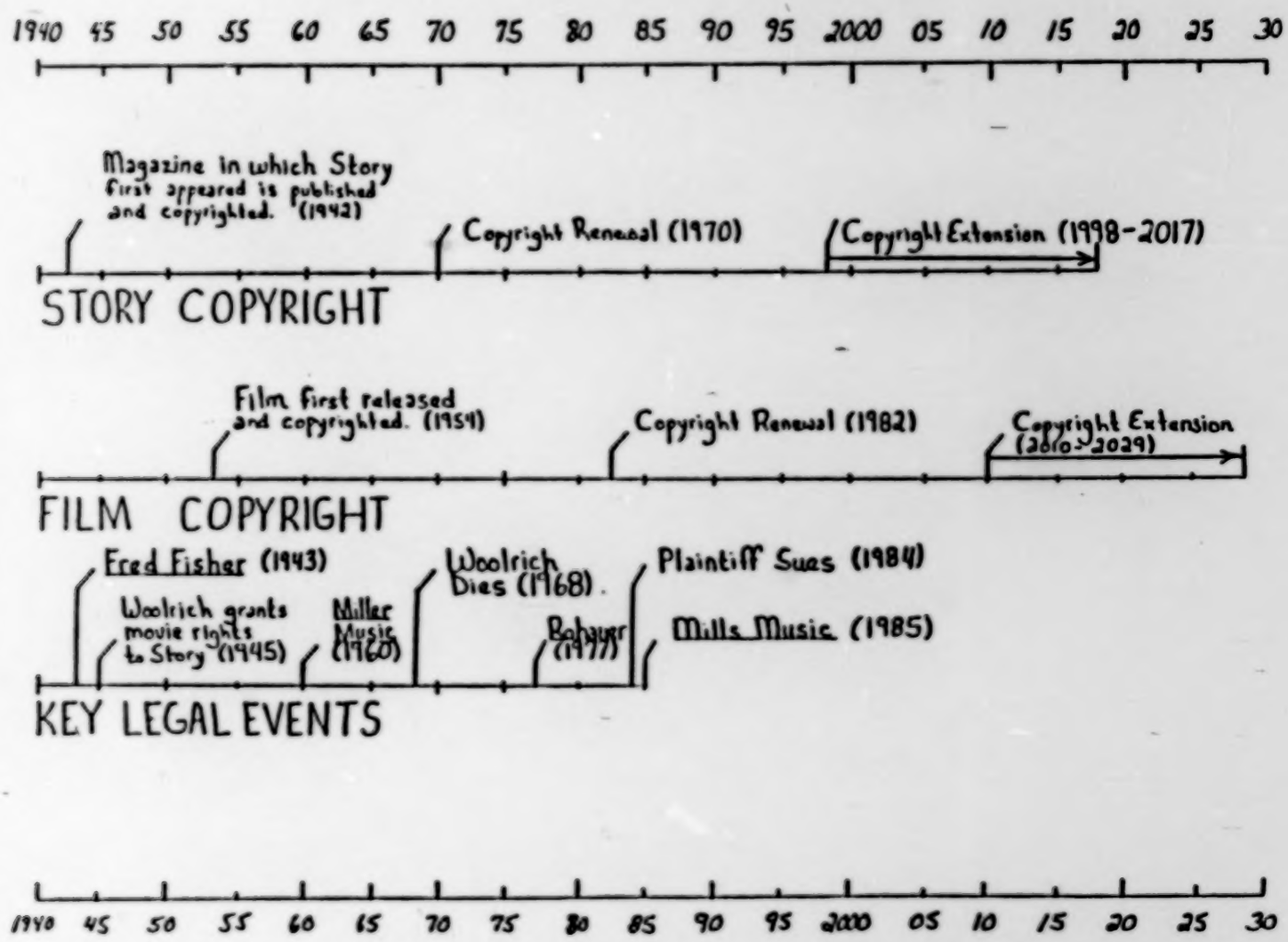
(2) In a case where the copyright owner sustains the burden of proving, and the court finds, that infringement was committed willfully, the court in its discretion may increase the award of statutory damages to a sum of not more than $50,000. In a case where the infringer sustains the burden of proving, and the court finds, that such infringer was not aware and had no reason to believe that his or her acts constituted an infringement of copyright, the court in its discretion may reduce the award of statutory damages to a sum of not less that $100. The court shall remit statutory damages in any case where an infringer believed and had reasonable grounds believing that his or her use of the copyrighted work was a fair use under section 107, if the infringer was: (i) an employee or agent of a nonprofit educational institution, library, or archives acting within the scope of his or her employment who, or such institution, library, or archives itself, which

infringed by reproducing the work in copies or phonorecords; or (ii) a public broadcasting entity which or a person who, as a regular part of the nonprofit activities of a public broadcasting entity (as defined in subsection (g) of section 118) infringed by performing a published nondramatic literary work or by reproducing a transmission program embodying a performance of such a work.

Sec. 505. Remedies for Infringement: Costs and Attorney's Fees

In any civil action under this title, the court in its discretion may allow the recovery of full costs by or against any party other than the United States or an officer thereof. Except as otherwise provided by this title, the court may also award a reasonable attorney's fee to the prevailing party as part of the costs.

TIME LINE


1940 45 50 55 60 65 70 75 80 85 90 95 2000 05 10 15 20 25 30
Magazine in which Story first appeared is published and copyrighted. (1942)
Copyright Renewal (1970)
Copyright Extension (1998-2017)
STORY COPYRIGHT
Film first released and copyrighted. (1954)
Copyright Renewal (1982)
Copyright Extension (2026-2029)
FILM COPYRIGHT
Fred Fisher (1943)
Woolrich grants movie rights to Story (1945)
Miller Music (1960)
Woolrich Dies (1968)
Rohauer (1977)
Plaintiff Sues (1984)
Mills Music (1985)
KEY LEGAL EVENTS
1940 45 50 55 60 65 70 75 80 85 90 95 2000 05 10 15 20 25 30